SEXUAL ABUSE: The sports world searches its soul

CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

NUARY 20, 1997

BRIAN MULRONEY'S REVENGE!

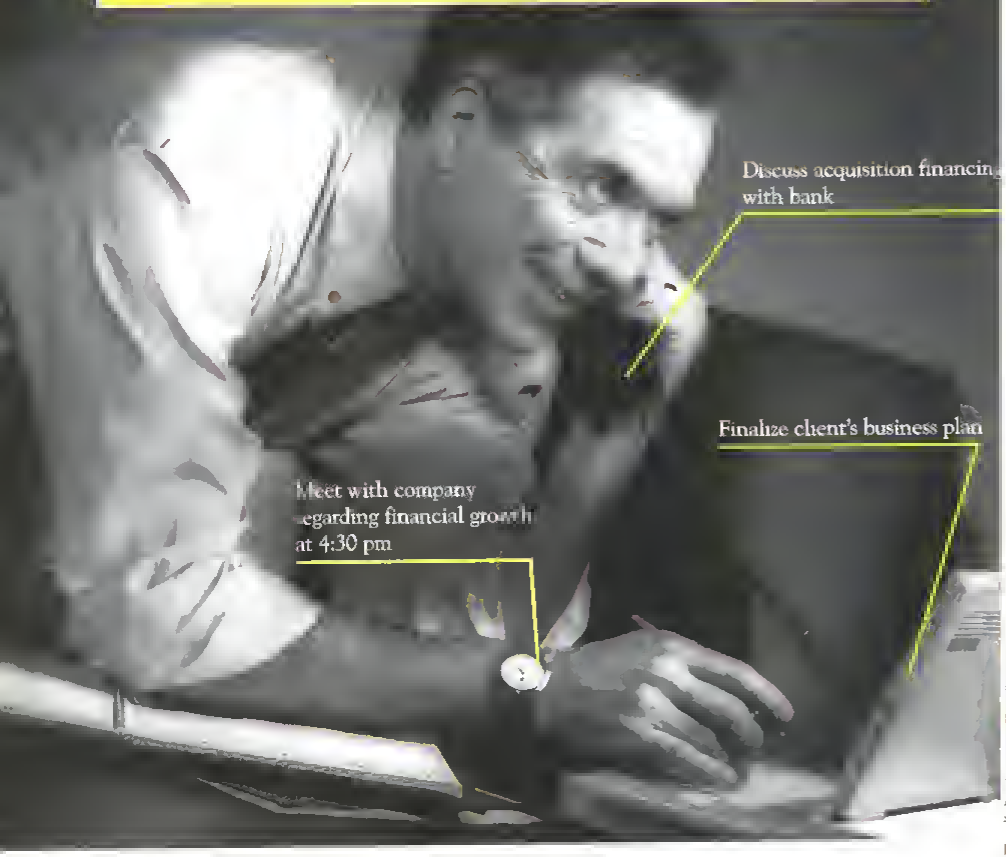


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CHRISTOPHER MORRIS

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Mulroney's revenge

On the eve of the former prime minister's $50-million libel suit against the federal government Ottawa blinked But although intense last-minute negotiations resulted in a settlement and an apology investigators say they will pursue the Airbus case

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Asia trade and tear gas

Team Canada 3 the largest in the series of Canadian trade missions to Asia finds problems as well as possibilities in the booming Pacific Rim markets



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A Canadian sex-abuse case cuts to the heart of hockey and sets off a wave of soul-searching throughout amateur sport.

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'Tis the season

Even a vaccination does not provide certain protection against the flu as it takes its annual winter toll—particularly, so far in southern Ontario



PETER L. SWEE/MACLEAN'S

From The Editor

The case that collapsed



"For a moment," said the lawyer, "I thought Brian Mulroney was back in power." There, gathered in the Montreal courtroom last week for what turned out to be the collapse of the federal government in the former prime minister's libel case, were his intimates and onetime cabinet ministers, including John Crosbie, Don Mazankowski—even one of the most trusted operatives, Toronto lawyer Sam Wakim. The man at the centre of the storm was figuratively looking down from above, high on the slopes of Westmount in his second-floor den. The calls came fast and furious, from every province and every legislature in the land. Teddy Kennedy was the first of a stream of international callers. Slipping outside the mansion with his son Nicolas, Mulroney declared total victory, adding: "I was fighting for my family's reputation and honor."

He was also fighting Jean Chrétien—and he won convincingly. First, there were the court victories that forced the government on the defensive, time after time. Then there were the protracted negotiations that generated the apology and, equally sweet for Mulroney, the agreement to pay his legal and public relations expenses. Mulroney left little doubt about the target of his wrath. "The whole thing came from Chrétien," he told one of his advisers on the weekend before the settlement. "He is going to pay big time for this."

In the wake of the Prime Minister's year-end town-hall performance on CBC TV, the botched case against Mulroney—the man Chrétien loved to hear Canadians hated—will further erode confidence in the Prime Minister. Not surprisingly, the government tried mightily to shift the blame to the RCMP. Ironically, the officer blamed for leaking details of the Airbus investigation to the media is now the very victim of a government leak that landed his name in the papers. As for Justice Minister Allan Rock, the negotiated agreement is full of attempts to exculpate him. "We chuckled at it," said one of the Mulroney negotiators. "Every time we turned around, there was another request for a word about Allan Rock. All he was doing was covering his ass." Last week, the Mulroney camp also was vowing unspecified revenge against journalist Stevie Cameron, author of a critical book on the Mulroney years and a *Maclean's* contributing editor.



Mulroney and son Ben last week: 'family honor'

Among the many unanswered questions in the affair is the role played by Rock's department in the drafting of a letter to Swiss authorities requesting information on Mulroney. An early version obtained last week by *Maclean's* is downright innocuous, compared with the one that Ottawa sent a few weeks later, on Sept. 29, 1995. That one added the accusation that Mulroney was part of "an ongoing scheme" to "defraud the Canadian government"—a conclusion that Ottawa last week said was "unjustified."

At week's end, Mulroney was back at his law firm seeing clients and planning a series of international board meetings in the weeks ahead. After that, he and his wife, Mila, plan to take the holiday they postponed because of the looming trial. Given the collapse of the federal case against Mulroney, it is unlikely that Airbus will again pre-empt his travel plans. For Mulroney, in effect, the case is closed.

Robert Lewis

Newsroom Notes:

Calling in their chips

When a major story breaks, reporters have to call in their chips and Ottawa Editor Anthony Wilson-Smith cashed a good many last week. For the cover story on Brian Mulroney's victory in the Airbus libel case, he tapped sources on Parliament Hill, where he has worked for the past seven years. Then, returning to his native Montreal, Wilson-Smith interviewed key players on both sides of the case, including a lengthy session with Mulroney's lead attorney, Gérald Tremblay. The analysis of the deal that brought Mulroney his apology and its impact starts on page 16.



Wilson-Smith, the deal

For Montreal freelance photographer Christopher Morris, who took the cover photo, personal ties in Montreal also were a factor in last week's assignment. In earlier days, Mila Mulroney was Morris's babysitter when their families lived near each other. After Morris took Brian Mulroney's picture as he left home for work, Mila invited him to come back later for a photo session at the residence with her son Ben. In Toronto, Senior Writer Rae Corelli interviewed judges and lawyers across Canada for their analysis of what happens next, and Contributing Editor Stevie Cameron looked at the Airbus case as it stands in the wake of last week's historic turn. Senior Editor Peeter Kopvillem oversaw the nine-page package.

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Laurier: 20th century did belong to Canada

The 21st century

In discussing the upcoming century, it was inevitable that some writer in your year-end issue would make reference to Sir Wilfrid Laurier's famous quote about the 20th century belonging to Canada and include the oft-repeated comment that he was wrong. What a disappointment, however, that it would come from a writer of Peter C. Newman's calibre... ("The dawn of a new millennium," Special Report, Dec. 30, 1996/Jan. 6, 1997). Laurier was not wrong. Over the past 100 years, Canada has created a nation the envy of the world. Our capacity for war may not frighten anyone, but I don't believe this is what Laurier was talking about. I believe he was interested in a just and peaceful society, one that would care for all of its citizens and demonstrate to the world what a nation could be. There is no question that the 20th century belonged to Canada, the question is whether we will allow it to be dismantled piece by piece because we weren't smart enough to appreciate our accomplishments over the past hundred years.

Brian Ardern,
Thompson, Man.

Businesses should be profitable, but profits should not be maximized with complete disregard for the damage caused to others. I was very disturbed to read of the antics of Al (Chainsaw) Dunlap ("Haves and have-nots," Cover). His unrelenting pursuit of profits, along with obscene personal enrichment, while laying off 11,200 employees at Scott Paper and another 6,000 at Sunbeam, is simply not acceptable in a civilized society.

Harvey Manson
St. Catharines, Ont.

Barlow and Black

George W. Bailey ("In praise of Conrad," The Mail, Dec. 30/Jan. 6) writes that he would like to know how many jobs I have created. For the record, the Council of Canadians, which now has 65,000 members and receives no government funding, not even charitable tax status, does indeed have a growing staff, all of whom pay higher taxes as a percentage of their income than do most corporations. The letter writer misses the point of our dispute with Conrad Black. The Hollinger takeover of Southam resulted in considerable job loss nationwide. This pattern of shedding workers is consistent the world over as huge corporations consolidate their power as virtual companies that do not want a permanent workforce. Further, this takeover has given one man control over Canada's print media unprecedented anywhere in the industrialized world. A free press is essential to a democracy and no one person should be able to use his wealth to buy public opinion. The Council of Canadians is simply seeking rules to prevent this kind of media concentration. Martin Luther King said, "Legislation may not change the heart, but it can restrain the heartless."

Maude Barlow,
Ottawa

The plain facts

I was accustomed to, though appalled at, the local media consistently referring to a murder victim in Regina as a "native prostitute." Now, I read in *Maclean's* the same description ("Guilty in Regina," Canada Notes, Dec. 30/Jan. 6). You report the murder trial as "laced with overtones of racism," and then you go on to perpetuate the overtones. Is there something inaccurate about the straightforward fact that two 20-year-olds were found guilty of killing a young woman? Does the victim's race or occupation somehow alter the severity of the plain, unadulterated facts?

Jan Nicholson,
Lumsden, Sask.

If ever a reason for reinstating the death penalty in Canada was needed, the murder in Regina is it. Despite Fred Bruning's snivelling on behalf of the current U.S. death row inhabitants in "A death penalty for two teenage lovers" (An American View, Dec. 16), let him try thinking about the victims. That's what the justice system is supposed to be all about: protection for the innocent and retribution for crime.

Judith Dodington,
Borrego Springs, Calif.

'Simplistic reading'

I was outraged that you printed a letter that reeks of anti-Semitism ("Biblical divisions," Dec. 16). Not only does the letter writer worry about Jewish influence, but he claims that the Old Testament is distinguished by judgment and vengeance in opposition to the mercy and forgiveness of the New Testament. There are many layers of interpretation for each passage in the Hebrew scriptures, and a simplistic reading in English gives a distorted understanding o

Tippy penguins

While we were pleased to see a rare reference to penguins in a Canadian magazine, we must advise you that the incidents of penguins tipping over backwards while watching British air force planes flying over the Falkland Islands have been debunked as originating in the comic strip *Bloom County* by no less an authority than *Bird Watching Digest* ("The most memorable 1996 absurdities," The Nation's Business, Dec. 30, 1996/Jan. 6, 1997). Having observed penguins both in the Falklands and in Antarctica, I find it difficult to imagine them falling over backwards, as they are extremely surefooted. We can only hope that the Liberal caucus mentioned will be as adept in 1997 in handling their political terrain.

Valmar Kurol,
Montreal Antarctic Society,
Montreal

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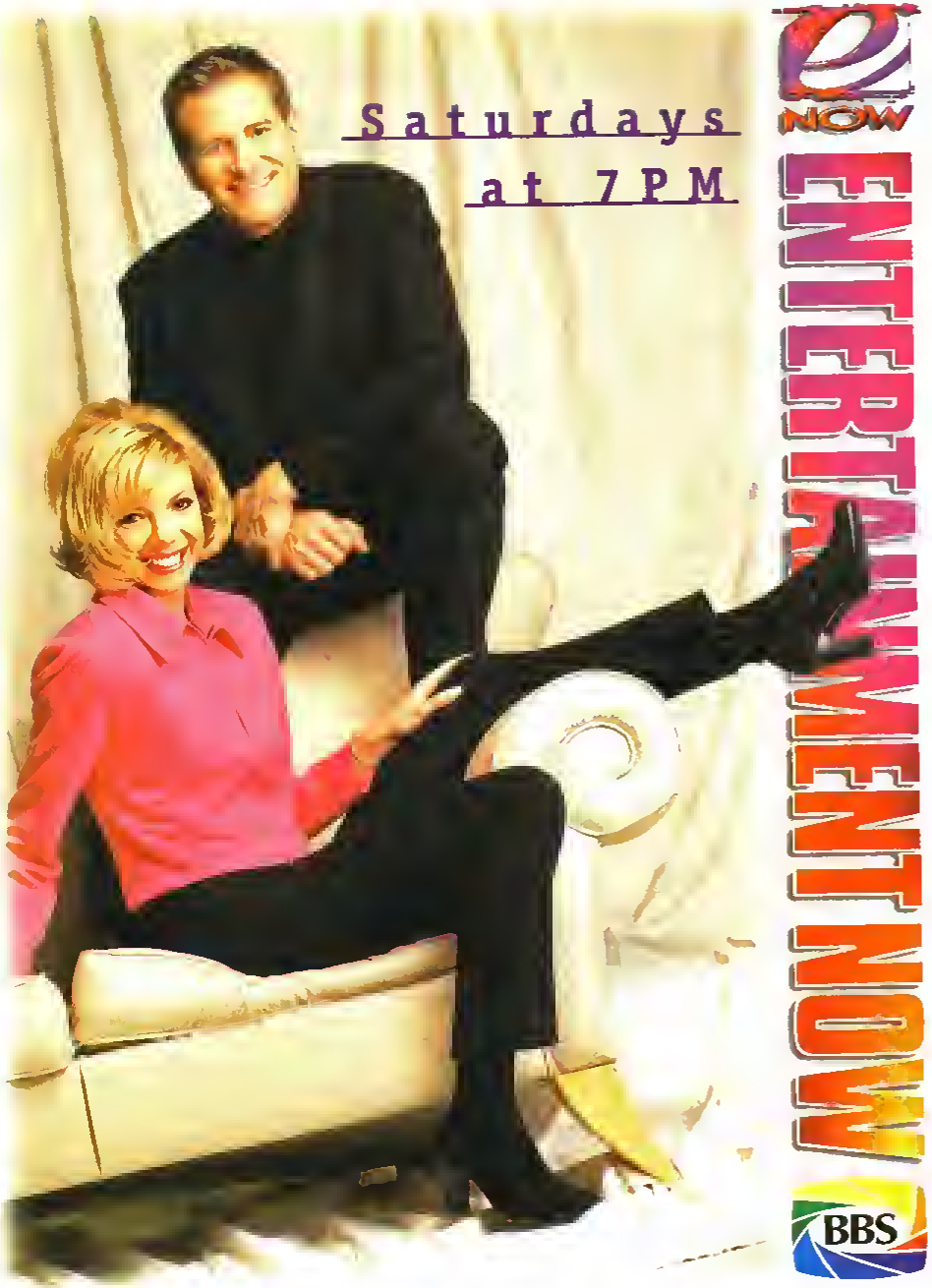


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them. I suggest the writer and his ilk should listen to what Jesus taught his followers. "Ye shall know them by their fruits." (Matthew 7:16). In this century, Jews have been in the forefront of various civil rights movements and have donated disproportionately to various causes.

Jacob Mendlovic
Toronto

From London to Paris

In "A fire in the Chunnel" (World Notes, Dec. 2) you state that high-speed trains whisk passengers through the 51-km-long tunnel in about three hours. This means an average speed of 17 km/h, hardly high speed. In reality, train transit time through the tunnel is approximately 24 minutes, an average speed of 130 km/h. The Eurostar trains cover the entire 500-km distance between London and Paris, including through the Chunnel, in three hours. Further, the shortest ferry service takes less than two hours, not seven hours.

Alan M. Green
St. Albert, Alta.

Promoting movies

Charles Gordon states how difficult it is to see quality cinema these days and he is largely right ("Yes, Virginia, they can make a good movie," Another View, Dec. 23). However, *The English Patient* is not the only good film to come out this year. It just happened to be one of the few that had any kind of promotional budget behind it. Hollywood films are largely made by committee. As a result, projects are not given the green light based on quality of script, but on who is in it, how broad an audience it can reach, how well it can be tied in to retail products and its potential shock value. The audience does have the power to make changes, because there are good alternatives out there. Don't go to see what's being heavily promoted, go to see what isn't. Write to your local theatre and tell them you want to see some variety. Help support the quality and boycott the crap.

Christopher Ball
King City, Ont.

Yes, Charles Gordon, "they" can make a good movie, but "they" are not Hollywood. It is the independent producers who do make good movies. Unfortunately, these films are generally only screened in the handful of independent cinemas in Canada. Saskatoon is fortunate to have one of these cinemas, but as a board member of the community-owned Broadway Theatre, I know very well the problems independents face in marketing these films. Sad to say that 95 per cent of the films screened in Canada are American films and they are generally pretty awful. Canadian film-makers and independent cinemas deserve the support of Canadians and their governments as they are an important aspect of our national identity.

Nayda Veeman
Saskatoon

Excellent selection

Thank you for recognizing excellence in teaching as you did in selecting Bruce Craig for this year's Honor Roll (Dec. 23). We have always been happy that our children attended Cypress River School, not only because they learned from excellent teachers, but also because they have received the care and nurturing so important to their growth as individuals. Bruce Craig is indeed a fine teacher and human being.

Glenn and Annette Young
Cypress River, Man.

In your Honor Roll issue you refer to the 30-year-long association of William Hutt and Martha Henry. I recall 34 years ago this past summer I had the good fortune, as a 16-year-old, to attend the Stratford Festival where I had my first experience of professional theatre. That summer of 1962, William Hutt played Prospero in a wonderful *Tempest* and Martha Henry, a new graduate of the National Theatre School, played her first professional role as Miranda. Others in that fabulous cast included John Colicos in a strange fishlike costume as Caliban and, of all people, Bruno Gerussi dressed neck to toe in a coral-pink bodysuit, playing an athletic and thoroughly masculine Ariel.

Alex Hawkins
Edmonton

Many thanks for the 1996 Honor Roll. I may speak for many in suggesting you do a story on those who did not quite make it. Most Canadians are in that category: they do their jobs faithfully, tend their homes, nurture friendships and their families and make their contribution to community life. They are the backbone of the country and its real heroes.

N. Dermott McInnes,
North Vancouver

Taking control

After succumbing to the bleak outlook of various polls, it was like a breath of fresh air to read The Road Ahead by Isaac Prilleltensky ("Whose society, whose best interest? Dec. 30/Jan. 6). We are still a rich country, but until we elect a government that will challenge corporate power and take control of the nation's finances, we will continue to drift down the path of no return.

William Sloane,
Pilot Mound, Man.

Isaac Prilleltensky's submission gives a tired rerun of discredited socialist ideology concerning the best economic course for Canada. The ordinary taxpaying citizen has a much greater opportunity to avoid taxation than do corporations, and to say that powerful industries operate a shadow cabinet is purely socialist propaganda. Left-wing ideology and dogma will never serve as a sensible base for Canada's economic future.

R. H. Eldridge,
Victoria

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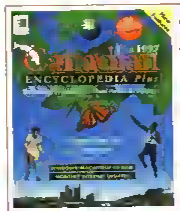
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ADVERTISING SUPPLEMENT CORRECTION NOTICE

An incorrect chart was published in the Investment Funds Institute of Canada advertising supplement that ran in Maclean's January 13, 1997 issue. Maclean's apologizes for any confusion this may have caused. Here is the chart in its correct form:

INVESTMENT *choices*

Investment Type*	Invested In	Earning Mechanism	Short-Term Risk	Income Potential	Long-Term Growth Potential
FIXED-INCOME INVESTMENTS					
Bonds		interest & capital gains	moderate to high	moderate to high	moderate
Savings Accounts		interest	none	low	low
Canada Savings Bonds		interest	none	moderate	low
GICs		interest	none	moderate	low
MUTUAL FUNDS					
Money Market Funds	commercial paper, treasury bills, short-term bonds	interest	low	moderate	low
Fixed-Income Funds	mortgage-backed securities, corporate & government bonds	interest & capital gains	moderate to high	moderate to high	moderate
Balanced Funds	stocks & bonds	interest, dividends & capital gains	moderate to high	moderate to high	moderate to high
Equity Funds	stocks	dividends & capital gains	moderate to high	low to moderate	high
COMMON STOCKS					
Growth		capital gains	high	low	high
Blue Chip		dividends & capital gains	moderate to high	moderate	moderate to high

Income Investments
A Balance of Income and Growth Investments
Growth Investments

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Column



Diane Francis

A time to reduce the official head count

Ontario's Mike Harris and his Tories are to be applauded for undertaking the most intelligent re-engineering of government to date in Canada. Perhaps in North America. And he's only just begun.

His latest policy is to amalgamate the six municipalities and one regional government that comprise Metropolitan Toronto. This will create a "megacity," and, according to at least one consultant, will save taxpayers at least $500 million over the next three years. Some of the mayors and city councillors who will lose their jobs are planning to mobilize public opinion against the move by holding referendums on the issue, a move that underscores how out of touch they are with the Canadian public they are supposed to serve as cost-effectively as possible. Imagine a referendum question: do you agree with saving $500 million in taxes by eliminating mayors, councillors and their entourages? Yes or No.

Taxpayers understand what only a few politicians like Harris do. Canadians pay far too many taxes for needless bureaucrats and governmental fiefdoms. The country is vastly overgoverned and simply has too many mayors, too many provinces, too many municipalities, too many school boards and too many politicians. Harris defied postwar history when he introduced legislation that will reduce the number of lawmakers, decreasing the number of people in Ontario's legislature from the 130 now sitting to 103 after the next election.

The federal government is also too big. Why do we need duplicate labor, education, health, welfare and various other departments at the federal level when these areas are under provincial jurisdiction? Then there's Parliament itself. Canada has 30 million people and a gross domestic product of $800 billion. California, with 32 million residents and a gross domestic product of $1.3 trillion, is slightly more populous and richer than Canada as a whole. Yet California sends just two senators and 52 members of the House of Representatives to Washington. Canadians send 399 representatives to Ottawa, or 7.5 times more than Californians send to look after their affairs at the federal level. New York state, with 18.2 million persons, has only 33 federal representatives in Washington. The entire United States, with 265 million people, has a total of 535 senators and representatives. If Americans were overrepresented as much as Canadians, their Congress would total 3,524 senators and representatives instead of 535.

Harris's new amalgamated Toronto will have roughly the same population as the four Atlantic provinces combined with 2.3 million. That's why these four provinces should also amalgamate into one. Similarly, Toronto is larger than Manitoba and Saskatchewan combined with more than two million residents. Those two provinces should also merge. But there is resistance because each jurisdiction is an empire fiercely defended by its dependants.

Even if provinces remain intact, there are far too many legislators in each one of them. California has 122 elected state officials, while Quebec, with only seven million persons, has 125 legislators. Worst of all is tiny Prince Edward Island, which has a legislature with 32 representatives even though it has only 130,000 people, smaller than the Toronto suburb of York. This means that if California was as overrepresented as Prince Edward Island, it would have 7,877 legislators.

And there is plenty more fat beneath the municipalities, too. There is the plethora of school boards, hospital boards, health boards and so on. When Alberta Premier Ralph Klein began his dramatic downsizing, he discovered that some school boards existed even though they didn't have any schools to supervise.

> Do you agree with saving $500 million in taxes by eliminating mayors, councillors and their entourages?

Harris has not invented downsizing, but he has certainly undertaken it in an intelligent and fair manner. He began by cutting the fat at the very top—his own legislature. Then, he reversed the usual cost-cutting pattern, which is to impose spending cuts on departments. This is a foolish policy because it guarantees that those running the departments will protect themselves and other petty bureaucrats, and instead tend to eliminate positions at the lower level or cut services to the taxpaying public.

Instead, Harris hired a management consulting firm to advise him on redesigning government rather than let those responsible for the existing bureaucracy do so. In fact, his megacity merger will cut fat, eliminate duplication of effort and streamline operations. This is how the $500 million in taxes will be saved.

Little wonder why the mayors and other elected politicians are screaming like stuck pigs. They stand to lose their fancy offices, perks and positions as the city moves into the 21st century run by fewer people in a more efficient manner. To say that Toronto's 2.3 million people need seven mayors, seven city halls and seven duplicate bureaucracies makes no sense. Chicago, a very well-run American city, has one mayor, one council and one school board on behalf of its 2.7 million residents.

What politicians must understand is that governments have not gone through the re-engineering that the private sector has had to go through. There is no reason why they should not become as efficient as possible, if only because the taxpayers who support them have had to do so. But the most compelling reason to revamp governments is that the tax dollar money pit is not bottomless. Canadians are now struggling to pay taxes equivalent to more than 50 per cent of their entire incomes, on average. We all deserve better, and smaller, government.

Opening Notes

Edited by BARBARA WICKENS



Lining up to get into Canada: turning to MPs

CHRIS SCHWARTZ/MACLEAN'S

Ire over Immigration

Many MPs start their stints in Ottawa with open-minded idealism, hoping to serve their constituents on a wide range of issues. But since the Liberals came to power in 1993, many urban MPs have found themselves swamped by demands for help in just one area—immigration. Because of ongoing spending cuts at Immigration Canada and the subsequent reduction in services, many Canadians have turned to their local MPs for help in speeding up the files of relatives. Toronto MP Dennis Mills, for instance, says that his office spends 80 per cent of its time working on immigration cases—and is near the breaking point. "Time should also be spent on other issues," Mills adds. "This is a most unfair demand on MPs." And there are fears that the situation will get even worse as Immigration Canada's 23 tele-centres across Canada are reduced to just three by April. It is time, says a clearly disgusted Mills, for the federal government to put money back into the department to relieve politicians of their burden.

Other MPs share Mills's frustration. Sources in Ottawa say that during a caucus meeting two weeks ago, they blasted Immigration Minister Lucienne Robillard with a litany of their problems. Mills would not confirm that, but did say that the urban MPs regularly consult one another on how to approach the issue. "Things don't look too good for any of us," Mills notes ominously, "if we can't deliver on immigration files."

A welcome mat in Quebec

When Quebec's first female lieutenant-governor, Lise Thibault, is sworn in on Jan. 30, it will be in a style that was conspicuously absent at the ceremony of her predecessor, Jean-Louis Roux, last September. Roux, who resigned in November after acknowledging that he took part in an anti-conscription demonstration that degenerated into an anti-Jewish protest, was appointed to the post last summer by the federal government—a unilateral decision that angered the Bouchard government. Roux, 73, a staunch federalist, had also annoyed some sovereigntists with his scathing comments during the 1995 referendum campaign. The PQ government bypassed tradition by holding just a brief event in a small room in the national assembly. For Thibault, however, the swearing-in returns to its usual location in the assembly's elegant red room. "I didn't receive a reason," says Jean-François Provençal, Thibault's chief of staff, about the more grandiose ceremony. It should last at least an hour, Provençal adds, and Thibault, 57, a former head of Quebec's Office des personnes handicapées, the provincial agency that co-ordinates and promotes services for the disabled, will give a speech. That said, the Bouchard government still wants the position abolished.



High noon in Toronto: grey

Low clouds and lower spirits

It is now a tenet of psychology that lack of sunshine can have an adverse effect on the psyche during the winter. So Canadians living in southern Ontario, southern Quebec and the Maritimes who felt grumpier than usual in December may have had good reason. Not only did those regions experience the season's typical short days, but they were also shrouded in steel-grey clouds that drastically reduced the amount of sunshine. In Montreal, where the sun usually shines for 80 hours in December, the city was naturally illuminated for only a record-breaking 42 hours. And the last time Toronto had less sunshine was in 1929. While many Canadians try to escape the winter blahs by fleeing south, by illuminating their surroundings with special full-spectrum lights—or by medications such as Prozac—soprano Mary Lou Falls offers another antidote: she belts the blues away. Last week, a near-capacity crowd of 165 attended the first of Falls's seven free one-hour concerts at Toronto's Clarke Institute of Psychiatry. Although Dr. Anthony Levitt, a Toronto psychiatrist who specializes in mood disorders, says there are no studies supporting the hypothesis that music therapy can cure so-called seasonal affective disorder, or SAD, he acknowledges that it may work for some people. Falls, naturally, is certain that music is beneficial. "You feel very different at the end of a concert than at the beginning."

Saska-tuneless

A music lover's gesture of generosity has led to some sour notes at the University of Saskatchewan in Saskatoon. In 1959, Stephen Kolbinson, a Kindersley, Sask., farmer who had a lifelong passion for music, sold four rare Amati stringed instruments to the university for just $20,000. The two violins, viola and cello—now estimated to be worth $2 million—were built in the 1600s in Italy by members of the famed Amati family. Kolbinson sold them in the belief that the university would form a string quartet to play them. The university stored the instruments in a cold, damp vault until a quartet was formed in the late 1960s. After it broke up in the early 1970s, members of the music department played the instruments regularly. Then in 1992, David Atkinson, the university's dean of arts and science, lent the Amatis to the Lafayette Quartet at the University of Victoria. Although Atkinson says that he thought he had the full consent of the Saskatchewan music faculty, some current and past members are angry about the move. The loan, they argue, implies that the instruments were being neglected in Saskatoon. A committee studying the issue will recommend later this month whether to allow the Amatis to remain in Victoria, bring them back to Saskatoon or sell them. At least one descendent of Kolbinson, who died in 1986 at age 98, argues that the instruments should be returned. "I think granddad would be disturbed they are in Victoria," says Lorraine Omness of Saskatoon. "He wanted them for the people of Saskatchewan to enjoy."

BEST-SELLERS

FICTION

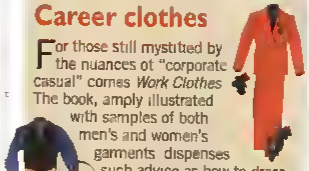
1. **Alias Grace** *Margaret Atwood (1)*
2. **The Englishman's Boy** *Guy Vanderhaeghe (2)*
3. **Drums of Autumn** *Diana Gabaldon*
4. **Airframe** *Michael Crichton (4)*
5. **You Went Away** *Timothy Findley (7)*
6. **Fall on Your Knees** *Ann-Marie MacDonald (3)*
7. **The Deep End of the Ocean** *Jacquelyn Mitchard (10)*
8. **The Tailor of Panama,** *John le Carré (6)*
9. **Last Orders** *Graham Swift (5)*
10. **Charity** *Len Deighton*

NONFICTION

1. **Boom, Bust & Echo,** *David Foot and Daniel Stoffman ()*
2. **The Soul's Code,** *James Hillman (2)*
3. **Simple Abundance,** *Sarah Ban Breathnach*
4. **A Reporter's Life,** *Walter Cronkite*
5. **A History of Reading** *Alberto Manguel (6)*
6. **The Great Adventure** *David Crause and Alison Griffiths (10)*
7. **My Sergal,** *Ekaterina Gordeeva (4)*
8. **Shakedown** *Angus Reid (8)*
9. **The Merry Heart,** *Robertson Davies (7)*
10. **Barbara Frum,** *Linda Frum (5)*

() Position last week. Compiled by Brian Bethune

Career clothes



For those still mystified by the nuances of "corporate casual" comes *Work Clothes*. The book, amply illustrated with samples of both men's and women's garments, dispenses such advice as how to dress up without putting on a tie or high heels, and how to pack for a business trip.

Galbraith keeps up his lonely fight

WORD FOR WORD

Harvard University economist John Kenneth Galbraith has become a lonely voice in recent years. The Canadian-born Galbraith, 88—who has served as an adviser to U.S. presidents stretching back to Franklin Roosevelt, and to prime minister Pierre Trudeau—still holds the opinion that governments should create jobs by direct intervention in the economy. He espoused his views again last week when he delivered the inaugural Senator Keith Davey lecture at the University of Toronto. Some excerpts:



Galbraith: 'an effective safety net'

SHAWN BLY/UTM

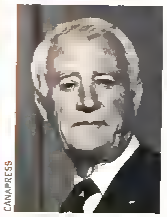
"In recent years, there has been a current of thought—or what is so described—which holds that all possible economic activity must be returned to the market. Privatization is a public faith. Conservatives need to be warned that ideology can be a heavy blanket over thought. Our commitment must always be to thought.

"There must be effective fiscal measures to enhance employment. The social loss and human distress of unemployment must be directly addressed. This means alternative public employment in recession or depression. This is the broad Keynesian design. The main current of modern conservatism holds that it has gone out of fashion. Fashion should not be a controlling force in economic policy.

"There must be, most of all, an effective safety net—individual and family support—for those who live on the lower edges of the system, or below. This is humanely essential. It is also necessary for human freedom. Nothing sets such stern limits on the liberty of the citizen as a total absence of money."

Passages

DIED: Rear Admiral **Jeffry Vanstone Brock**, 83, who left the Royal Canadian Navy in 1964 because he opposed plans to unify the Armed Forces, following a bout of pneumonia, in Kingston, Ont. Brock had a distinguished, 31-year naval career including service in the Second World War and the Korean War, during which he received numerous awards, including the Distinguished Service Order. But he resigned in protest after then defence minister **Paul Hellyer** proposed unifying the army, navy and air force, arguing it would increase costs and decrease efficiency. Brock also wrote two acclaimed autobiographical works, *The Dark Broad Seas* and *The Thunder and the Sunshine*.



CANAPRESS

NOMINATED: Nine Canadians for a total of 16 Grammies, the second consecutive year that Canadian musical talent has scored well at the U.S. awards. The Canadian nominees: singer **Celine Dion** (four, including album of the year); singer **Alanis Morissette** (two); producer **David Foster** (four); rockers **Bryan Adams** (two) and **Neil Young** (one), country singer **Terri Clark** (one), jazz musicians **Rob McConnell** and **Diana Krall** (one each), and polka player **Walter Ostanek** (one).

AWARDED: To **Nasior Burtnyk**, of Kanata, Ont., and **Marcali Wein**, of Kingston, Ont., retired scientists from Ottawa's National Research Council, Academy Awards for early work in computer animation.

ELECTED: To the Baseball Hall of Fame in Cooperstown, N.Y., pitcher **Phil Niekro**, 57, whose 24-season career was built on the knuckleball, a fluttery, unpredictable pitch that baffled catchers as well as hitters, but which helped him earn 318 career victories.

APPOINTED: To the Toronto office of the Immigration and Refugee Board, **Deborah Coyne**, 41, whose five year-old daughter, **Sarah**, was fathered by former prime minister **Pierre Trudeau**.

DECLINING: To run in the next federal election as the Yukon MP, **Audrey McLaughlin**, 60, who became the first female leader of the NDP in 1989, but resigned in 1993 when the party fell to just nine seats from 43.



CANADA COVER

BY ANTHONY WILSON-SMITH

Ottawa folds its cards and apologizes to Mulroney

Revenge!

Teddy Kennedy was one of the first to call Brian Mulroney at home last Monday morning with congratulations. The U.S. senator's message, Mulroney later told friends, included the observation that Mulroney "proved that a citizen can take on city hall, and win." Or, in this case, the combined resources of the federal government and the country's national police force. During a week that saw one of Canada's most historic and remarkable legal battles end with an apology and full payment of legal costs to Mulroney by the federal government, he also received similar calls from Margaret Thatcher, George and Barbara Bush, and former French prime minister Laurent Fabius. At the office of Mulroney's lawyer, Gerald Tremblay, there was a telephone call from another political leader: Quebec Premier Lucien Bouchard, expressing his delight about the outcome for his estranged, onetime close friend Mulroney. The flamboyant Tremblay, who himself received a standing ovation that day when he entered a Montreal restaurant favored by lawyers, later said: "It felt like the sun shining again after a long period of darkness."

Not so in Ottawa, where the immediate forecast included thick clouds of gloom, punctuated by bursts of accusations, recriminations and excuses. For Mulroney and his friends, a time to crow, for the Liberals, a time to eat crow—and small wonder. On the eve of the beginning of the former prime minister's $50-million libel suit against Ottawa, the government folded its cards—bringing to an end a public saga that began in November, 1995, when news broke that the justice department, on behalf of the RCMP, had sent a letter to Swiss authorities asking for their help in an ongoing investigation of "criminal activity" on Mulroney's part "to defraud the Canadian government." Last week, Ottawa was forced to acknowledge that its allegations—that Mulroney accepted bribes connected to Air Canada's 1988 purchase of Airbus Industrie jets—could not be substantiated. "Any conclusions of wrongdoing by the former prime minister," said the apology, "were—and are—unjustified."

Now, it was the Liberals' turn to scramble to try to defend the spreading stain against them. Justice Minister Allan Rock, who appeared irritable and churlish in the initial news conference explaining the government's decision to abandon its case, later in the week expressed his personal sympathy and regret to Mulroney and his family. Chrétien, meanwhile, who left early last week to lead a 10-day Team Canada trade mission to Asia, said that "the government has apologized and it was the right thing to do." And Sgt. Fraser Fiegenwald, the officer who admitted leaking information about the case to a journalist—a move that helped kill the federal case—is facing an internal RCMP inquiry that could, ultimately, result in either his dismissal, the laying of criminal charges, or both. Even if he continues with the force, Fiegenwald, said one fellow officer, "is finished" in the eyes of many colleagues. Although some sympathize and regard him as the convenient scapegoat of politicians, others blame him for endangering an investigation by prematurely leaking details to the media. Nonetheless, the RCMP investigation of the Airbus affair continues (page 22)

Later in the week, Rock also sent letters of apology to two other men mentioned in the infamous letter to the Swiss: former Newfoundland premier Frank Moores and German-Canadian businessman Karlheinz Schreiber. Both men, through their lawyers, indicated they are not satisfied with the extent of the apologies, and will press for further settlement. As if all that was not enough, the apology to Mulroney was made to a man that Chrétien appears to dislike more than any other in politics. In private and in meetings with his caucus, he is often openly contemptuous of Mulroney, blaming him for the rise of Quebec nationalism in the 1980s by "playing foot-



FRED CHARTRAND/CANAPRESS



FRED CHARTRAND/CANAPRESS

Mulroney at home in Montreal (far left); Chrétien, Gray and Rock (right): a time to eat crow

sic with the separatists." The feeling is clearly mutual. Mulroney is equally scathing about Chretien, noting to friends that the Liberals have continued many of his own policies. And comparing himself to Chretien, he recently told a friend, "I governed with a young wife, four young kids and f wore nice shoes. A lot of people didn't like that. A lot of people like a prime minister, frankly, who can speak neither language and who bumbles and blames things on his ministers and refuses to stand up to take any responsibility."

The federal defence against Mulroney's suit collapsed with stunning speed in the final week before the trial was to begin. The basis for Mulroney's suit was the government's contention, stated in its Sept. 29, 1995, letter to Swiss authorities, that Mulroney, while prime minister, encouraged Air Canada to purchase 34 Airbus A-320 aircraft in 1988 at a cost of $1.8 billion. According to the letter, an informant alleged that Mulroney was to receive $5 million (U.S.) in "commissions" as a result. Ottawa had not intended to base its defence against Mulroney's libel suit on the actual issue of whether he committed such a crime. Rather, it intended to rely on the principle that no one on the federal side acted with malice towards Mulroney—because the government could have had no way of knowing that the letter would become public.



CHRISTOPHER MOORE/S

Trembley: 'It felt like the sun shining again after a long period of darkness'

'Conclusions of wrongdoing were—and are—unjustified'

In fact, the government was prepared to argue that the justice department writes, on average, about 100 such letters a year to foreign authorities—and that such a leak has never before occurred. In this case, government lawyers intended to suggest that Mulroney, or someone close to him, deliberately leaked a copy of the letter to *The Financial Post*—which broke the story on Nov. 18, 1995—as a way of stalling the investigation. Mulroney flatly denied that implication. But Ottawa's resolve to hang tough crumbled in the final week of December as a succession of people on the government's own side began expressing concerns about both the apparent flimsiness of the federal case, and its awkward timing. After 13 months of investigating, the RCMP did not appear to have found any evidence incriminating Mulroney. And with an election expected this year, the Liberals were reluctant to proceed with a case that was expected to drag on for more than three months—with potentially explosive implications.

The first indication to Mulroney's side that Ottawa was preparing to back off came in a telephone call to Tremblay on Dec. 27 from Montreal lawyer Bruno Pateras. Pateras, Tremblay said, told him that he had been given "written authority" by the federal government to negotiate a settlement. Although Ottawa had occasionally sent out feelers in previous months, Tremblay said such steps had never been "quite as formal"—and that the federal side always refused to discuss an issue crucial to Mulroney: payment of his estimated $1.5 million in legal costs. As a result, Tremblay said, he told Pateras "there is no point in talking unless absolutely everything is on the table." After Pateras agreed, both men—mindful that passions were running high in the case—agreed that a neutral facilitator would be in order, and just as quickly agreed on the choice of retired Quebec Superior Court Judge Alan Gold.

Over the next four days, the two sides met secretly but regularly, usually at Tremblay's fifth-floor office at the firm of McCarthy Tétrault in downtown Montreal. The federal side suggested that Ottawa was ready to issue an apology to Mulroney—but talks continued to stall over the question of payment of Mulroney's costs. On New Year's Eve, the negotiations finally broke down over that issue, and Tremblay and Mulroney, who were meeting and talking on the telephone up to a dozen times a day, agreed that an out-of-court settlement now appeared unlikely. "Screw them," Mulroney told one friend. "Let's see 'em all in court."

But behind the federal scenes, Ottawa received a stunning blow over the next two days. During talks held the previous week, Rock had drawn the line at paying Mulroney any money from public funds. "I'd rather go to trial," he told his legal team, according to an insider, "based on what I know of our defences and on my hunch of how hard it would be to sell a settlement which included money." But that changed in an instant on Jan. 2 when Rock was informed that Fiegenwald, the man most active in the RCMP investigation, had just divulged during pretrial preparation that he had spoken about the case at the outset with the media. (One Justice official told *Maclean's* last week that about eight months previously, Fiegenwald insisted under questioning by justice department officials that he had not given any information about the case to anyone.)

That bombshell shattered the heart of Ottawa's defence: the government's contention that no one had acted "with malice" towards Mulroney, as well as the assertion that the federal side had not been responsible for any leaks. Once it became clear that a federal representative had given Mulroney's name to a reporter, lawyers felt it would be almost impossible to argue that no malice was intended by the act. A furious Rock then called his deputy minister, George Thomson, to discuss Ottawa's diminished options. On Friday, Jan. 2, Rock roused his executive assistant, Cyrus Reporter, and told him that everyone associated with the case should come immediately to the justice department. Then, he sat impatiently in his office as federal lawyers huddled with RCMP Commissioner Philip Murray, discussing legal ramifications, and exactly what had been disclosed. Later that morning, Rock telephoned Chrétien, and the two men agreed on the next steps. Rock asked a representative, Montreal lawyer Vince O'Donnell, to call Tremblay and, without divulging the new information, set up another round of negotiations. "We'd better take a kick at settling," he told his team, "even if it means paying money." One associate said that although Chrétien had been "almost viscerally opposed" to paying any money, he now agreed.

With Gold again called in as facilitator, federal negotiators, including O'Donnell and Harvey Strosberg, a normally gregarious Windsor lawyer and longtime Rock friend who was a late addition to the federal legal team, started talks with Tremblay in Montreal on that Saturday. For the first time, they dangled the prospect that Ottawa was willing to talk about money. With his long experience as a mediator, the 79-year-old Gold decided that the two sides were best kept in separate rooms, while he acted as a go-between. Both sides later agreed that the settlement would probably not have been reached without Gold's deft handling. In typical fashion, the veteran conciliator said little afterward. "Once a thing is over," he told *Maclean's*, "I burn my files and I keep my mouth shut."

Along with the money, there also were other face-saving issues for both sides. "The items became valuable in the sense of how they could help us sell this as a win," said one senior federal official. Even so, the agreement to pay Mulroney's legal fees and court disburse-





Fiegenwald; Prost (right): a government defence that collapsed with stunning speed in the final week before the trial was to begin

Ottawa's resolve to hang tough quickly crumbled

ments was only settled between 3 and 4 p.m. on Sunday, Jan. 4—less than 18 hours before the trial was to begin. Mulroney's team, after agreeing it would no longer push for other damages, now argued that he would settle for reimbursement of all his expenses—including an estimated $200,000 in public relations costs and fees. Even as some federal members ground their teeth in frustration, they gave in. But, significantly, the document specifies that the money will be paid directly by the RCMP—a clear sign of where the government has decided to affix most of the blame for the fiasco.

Of the 13 clauses in the three-page settlement agreement, all but three caused problems. As with most agreements, every word was crucial. At the Montreal news conference, Mulroney's lawyers argued that the former prime minister was "totally vindicated," based largely on the acknowledgment in the agreement that "any conclusions of wrongdoing" that the RCMP might have made were unjustified. During the settlement negotiations, Mulroney's team demanded that the word "conclusions" be replaced with "suggestions." The federal side refused to make the change. "If it said any 'suggestion,' they would be saying it was unjustified to have him under investigation," said a federal source. "There's a big difference." In fact, Mulroney's side initially sought a full public apology on the same unequivocal terms given by the Federal Bureau of Investigation to Richard Jewell, who was originally named as a sus-

The long road to a federal apology

JULY, 1988: Air Canada announces a $1.8-billion deal to buy 34 Airbus A-320 passenger jets from Airbus Industrie, a consortium of French, German, British and Spanish interests.

AUGUST-SEPTEMBER, 1988: Shutout U.S. competitor Boeing Co. complains of irregularities in awarding the contract, sparking an RCMP investigation. The case is soon put on hold for lack of evidence.

MARCH, 1995: CBC TV's *the fifth estate* and the German magazine *Der Spiegel* suggest that Airbus may have paid secret commissions to Canadians. The reports allege that German-born businessman Karlheinz Schreiber and lobbyist Frank Moores, a former Newfoundland premier, opened Swiss bank accounts—and refer to an unnamed Canadian politician. Although all parties deny the allegations, the RCMP reopens the case.

OCTOBER-NOVEMBER, 1995: A Sept. 29 justice department letter is couriered to Swiss officials. In early October, asking for help in the investigation. In early November, Mulroney learns that he is named in the document. On Nov. 16, having learned of the existence of the letter, *Maclean's* sends Mulroney a fax, asking for his comments. Two days later, *The Financial Post* breaks the story that Mulroney has been named as a suspect in the RCMP's criminal investigation—and quotes from a leaked version of the letter. On Nov. 20, Mulroney launches a $50-million libel suit against the RCMP and Ottawa.

JANUARY, 1996: Schreiber launches a $35-million libel action against the CBC. Moores later follows suit, seeking $35 million in damages from the CBC for accusing him of "dishonest, corrupt and illegal" conduct in the Airbus purchase.

APRIL-MAY, 1996: In pretrial hearings, Mulroney testifies that he learned of the justice department letter from Schreiber and angrily denies that he leaked its contents to the media—a key part of the government's defence. Later, Mulroney wins the right not to answer questions about his financial affairs.

JANUARY, 1997: On Jan. 2, the federal government learns that an RCMP investigator may have confirmed to unnamed reporters that Mulroney was mentioned in the letter. The next day, the Federal Court refuses a government request to limit the examination of RCMP investigators by Mulroney's lawyers. Persuaded that those two events have crippled its defence, the government settles the suit on Jan. 5 by apologizing to Mulroney and agreeing to pay his legal bills. It reserves the right, however, to continue the investigation. Within days, the government also apologizes to Moores and Schreiber.

pect in a bombing during the Olympic Games in Atlanta last July

Federal sources also said that Mulroney's team fought to take out a seemingly innocuous clause saying that "both parties have always acknowledged that the RCMP must continue investigating any allegations of illegality or wrongdoing brought to its attention." But Tremblay, who would not discuss the content of negotiations, insisted that "Brian has always said the RCMP is free to investigate who they want whenever they want—that has never been an issue."

What is at issue is who, on the federal side, knew what—and when. Last week, Government House Leader and Solicitor General Herb Gray, who is responsible for the RCMP, acknowledged that a senior officer briefed him on the investigation eight months before the news became public—but that he did not tell Chrétien. Gray said he stayed silent about the issue because he had previously been advised that, as solicitor general, it was inappropriate for him to be involved in any way in an investigation with political implications. It is less clear when such key figures as Rock, the RCMP's Murray and Chrétien first learned about the RCMP investigation, and the justice department letter to Switzerland, which was signed by departmental lawyer Kimberley Prost. Murray—who, ironically, oversaw personal security for Mulroney when he first became prime minister in 1984—initially said at the Jan. 6 news conference that he had approved the contents of the letter, which was based on information gathered by the RCMP, before it was sent. But later that day, Murray issued a statement declaring that he never saw the letter—even though it was published in many of the country's newspapers—until he began to prepare for the trial, because he wanted to stay above and beyond the investigation. Similarly, Rock has said that, initially, he was not aware of the existence of the letter until it became public. But even though Rock said he did not see Prost's letter, a line under her signature notes that she is acting "for the minister of justice." And Murray, as head of the RCMP, is, at least nominally, supposed to be responsible for all investigations.

What is at issue is who knew what—and when

An even bigger question is who around Chrétien was informed of the investigation—and how early. Norman Spector, a former senior aide to Mulroney, revealed last week that, in the fall of 1995, he was visited by RCMP investigators who were looking into allegations against Mulroney. Although they asked Spector not to publicly discuss their visit, he told *Maclean's* that on about Oct. 11—some two weeks later—he decided to report the event to Jocelyne Bourgon, the clerk of the Privy Council and the most senior federal civil servant. At the time, Spector, who now works in the private sector, was still employed by the federal government as a deputy minister in charge of the Atlantic Canada Opportunity Agency. He told *Maclean's* that "it was clear as soon as I opened my mouth that Ms. Bourgon had no knowledge of the investigation, so I gave her a complete report. She was startled that Mulroney was under investigation." Spector added that he, "in turn, was just as startled that she did not know that. By everything that I understand about common practice at the highest level of our government, it seemed inconceivable that she should not have been given this information when the person in question was a former prime minister." Spector also said that she told him she would contact Murray "immediately" for more information.

Bourgon, in a statement she issued last week in response, acknowledged meeting Spector, but was much more vague about the tone of their meeting. She said she did not conclude from his information that Mulroney was the target of the investigation, and added specifically that she chose not to pass the information on to Chrétien because it concerned a previous government. And the Privy Council Office pointedly issued a copy of a March, 1996, letter, written by Spector to the CTV network, in which he said, in response to a reporter's query, that he "has never discussed with the RCMP the Airbus transaction." At the same time, other advisers to Chrétien have repeatedly insisted that they had no hint of the investigation of Mulroney until it became public. "There was no prior knowledge," said Peter Donolo, Chrétien's director of communications.



Mila Mulroney with son Ben: a historic legal battle

But some people are openly skeptical of such claims. "I simply cannot accept that no elected official knew there was an investigation like this proceeding," says former Conservative justice minister John Crosbie. "It runs completely contrary to the way the system works." As an example, Crosbie says that when the justice department was preparing to charge then-New Brunswick Premier Richard Hatfield with marijuana possession in 1984, Crosbie, as justice minister, was informed by his deputy minister of the circumstances in advance of the case being made public. Crosbie, who was scheduled to appear as a witness on Mulroney's behalf, is scathing about Rock's insistence that he did not know of the investigation. Says Crosbie: "If he was not told, his officials were unbelievably negligent. If he told them not to tell him about anything involving other politicians, he is the one being unbelievably negligent."

Whether or not that is true in Rock's case, sloppiness and negligence seem to have abounded on the federal side. The letter by Prost to Swiss authorities contains, according to Mulroney's lawyers, 21 "demonstrably false" items presented as fact, including wrong dates, appointments and descriptions of key people. Curiously, many of the people who held decision-making positions at the time of the Airbus purchase were never even contacted by the RCMP or Justice officials. They include Crosbie, who was transport minister at the time; Claude Taylor, then chairman of the board for Air Canada, and Charles Simpson, the chief pilot for Air Canada who oversaw a series of tests that concluded the Airbus was the best available aircraft for the airline. None ever spoke to federal officials; all were to be called as witnesses by Mulroney's side.

Similarly, the letter written by Prost went through as many as seven drafts—most of which resulted in tougher language—even though that toughening does not appear to have been accompanied by any new evidence. Again, Tremblay planned during the trial to present several different drafts of the letter to illustrate that point—and accuse the government of exaggerating the severity of its allegations.

As it was, the collapse of the federal case left some legal observers shaking their heads. Some experts maintain that a dangerous precedent has been set: if the government can no longer make allegations of criminal action in private correspondence to other governments, its ability to investigate could be severely impaired. But Ottawa's apology includes an admission by Mulroney that the principle of such investigations is legitimate—and most experts agree that the government lost its case because of its own ineptitude. "The good ship democracy occasionally runs aground, and in this instance, it's just ridiculous," former Supreme Court judge Willard Estey told *Maclean's*. "The minister of justice says he's not responsible for a letter going out from his department, which is by agreement defamatory of a past prime minister of the country, and that the minister doesn't have to know about these things. And having learned about them, doesn't have to do anything about them because that's part of the prosecutorial system which is not under the direct surveillance of the elected representative. If democracy can swallow that, it can swallow anything."



FRED CHARTRAND/CP PRESS

Murray: facing 'unrelenting scrutiny' in the immediate future

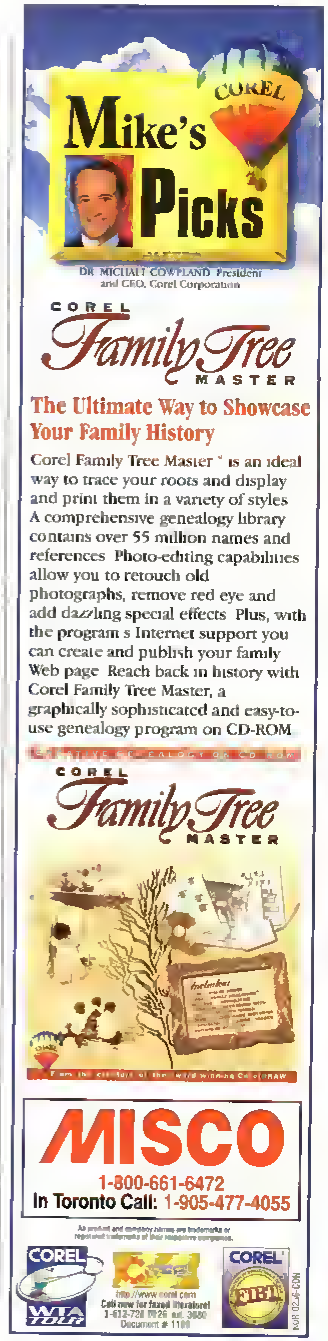
For now, most of the hard swallowing is being done in Ottawa, where the search for scapegoats continues. In the week of the collapse of the government case, opposition parties have called for the resignation of everyone from Rock to Murray to Chrétien, and demanded the establishment of a royal commission. Rock and Chrétien both shrugged off those demands, but Liberal sources suggest that Murray will now face what one Chrétien adviser called "unrelenting scrutiny" in the immediate future—with no guarantees that his job is safe.

In the short term, almost everyone involved with the controversy emerges with some bruises. In spite of Mulroney's victory, it is not clear whether that will make him any more popular with the millions of Canadians who turned on his party with a vengeance in the October, 1993, election. With recent polls last year showing that 71 per cent of respondents were prepared to believe there was "at least some basis of fact" in the allegations against his client, Tremblay acknowledges that "there will always be some people who continue to believe anything about him." But some of Mulroney's close friends believe the media should now do some self-examination of the way it reported on the case. There was, suggested one Mulroney friend, "an almost palpable wish in some of the reports that the allegations turn out to be true."

At the same time, many questions remain. Among the most tantalizing: how *The Financial Post* obtained a copy of the justice department letter. At week's end, political circles in Ottawa and elsewhere were still rife with speculation about that issue. But most of the hard questioning in Ottawa will centre on the fact that Chrétien's Liberals have spent the past three years making much of their self-declared integrity and competence. Now they find themselves in a situation where doubts are being raised about both of those qualities. "Unlike Mulroney, I have never had a minister resign because of scandal," Chrétien said in early 1996. Perhaps—although since then, he has seen defence minister David Collenette step down because of a breach of cabinet ethics.

In the end, said an adviser to the Prime Minister, "we think people will still understand that we always brought good intentions to this throughout." In response, Mulroney can now say that his government never allowed anything remotely resembling the treatment he has endured. Speaking to a friend last week, he briefly let his feelings show. The Liberals, he said, "have no grace. From Chrétien on down, they are a malicious bunch of bastards." But in addition to his legal win, Mulroney can take other consolation. Chrétien's popularity has been based, in part on his efforts to distance himself from Mulroney. Last week, as he watched in not-so-silent satisfaction, it was Brian Mulroney's turn to chastise Chrétien.

With E. KAYE FULTON in Ottawa and RAE CORELLI in Toronto



CAN IT CONTINUE?

Investigators say they are determined to pursue the Airbus case

BY STEVIE CAMERON

Now that Brian Mulroney's libel case against the federal government has been settled and government apologies have been made to Mulroney, former Ottawa lobbyist and Newfoundland premier Frank Moores and German-Canadian businessman Karlheinz Schreiber, the question remains: what is going to happen to the RCMP's criminal investigation into the Airbus affair? It will carry on—at least according to RCMP Commissioner Philip Murray and Justice Minister Allan Rock. But that may be wishful thinking. Politically, the government is on the hot seat. And, legally, it has to wrestle with a conundrum: can it successfully investigate people to whom it has given such a public apology?

Opinions are divided about the future of the Airbus investigation. Section 4 of the settlement between Mulroney and Ottawa states: "Based on the evidence received to date, the RCMP acknowledges that any conclusions of wrongdoing by the former prime minister were—and are—unjustified." But Earl Cherniak, a veteran litigation lawyer in Toronto, noted there is nothing in the settlement that would fetter the RCMP. "In fact, the statement acknowledges the reverse," Cherniak says. "It speaks of 'evidence received to date' and that imposes no restrictions on them continuing to dig—against Mulroney or anybody else." Criminal lawyer Clayton Ruby disagrees. "As a defence lawyer, let me tell you that no matter what evidence they come up with, I'd have that jury looking over my shoulder and I'd be saying to them, in effect, that the government wants you to believe this time that somebody's a crook and they have to prove it beyond a reasonable doubt," Ruby said. "The last time they said this, on the same subject matter, they had to apologize. No jury would ever convict."

But officials connected to the case insist that there is evidence—and that they will forge ahead on the basis of this assumption. Prior to last week's developments, the Mounties were investigating the alleged payment of at least $20 million in sales commissions and fees. That total, the RCMP believed, included commissions in the $1.8-billion sale in 1988 of Airbus jets to Air Canada, as well as $1.24 million in commissions and lobbying fees on the $24.5-million sale of helicopters from Messerschmidt Bolkow-Blohm to the Canadian Coast Guard and $4 million in commissions from Thyssen Industries for a projected $58-million armored vehicle plant in Nova Scotia that was never built. Paying commissions to sales agents or lobbyists is not illegal, the RCMP has always insisted in its statements during this investigation, so long as no bribery is involved.

The roots of the investigation date back to 1988 when Seattle-based Boeing Co. complained to the U.S. government about Air Canada's decision to buy Airbus aircraft. Boeing believed it had the contract wrapped up—and that bribes were paid to change the decision. By 1989, both the FBI and the RCMP were looking into the deal amid allegations of kickbacks. Although the investigations ended with no results, Boeing officials and American diplomats, especially Tom Niles, then U.S. ambassador to Canada, were seething. In fact, the Boeing complaint is believed to have helped spark an investigation by the FBI and the CIA into the practices of Airbus Industrie. And by January, 1995, the Mounties had again started nosing around.



Mulroney leaving home after his victory: [illegible], the government is on the [illegible]

Two media reports increased their interest. One was a lengthy story in the German magazine *Der Spiegel* on March 20 of that year; another was a documentary broadcast by the CBC's *the fifth estate* eight days later. Both stories alleged that there was a contract between Airbus and International Aircraft Leasing (IAL), a Liechtenstein holding company controlled by Schreiber. The reports stated that most of the Airbus commissions were paid to Schreiber through the Liechtenstein shell company to his numbered account 18679, in the main Zurich branch of the Swiss Bank Corp. (Both Schreiber and Moores have denied any wrongdoing, and have filed $35-million libel suits against the CBC.) Before long, the Mounties were interviewing a Swiss accountant, Giorgio Pelossi, who had worked closely with Schreiber for 10 years. The two had had a bitter business dispute—and Pelossi did not hesitate to provide some reporters and the police with the paper trail to show how the commissions were paid. He also claimed to have been present when Schreiber helped Moores open two numbered accounts in the same bank.

By the early autumn of 1995, armed with banking records provided by Pelossi, RCMP investigators believed they had enough evidence to launch a formal investigation. Justice department officials began working on a letter of request to the Swiss, asking for help in examining the Zurich bank accounts. Pierre Schmidt, head of a federal police investigative unit in Bern and one of the officials who received the request, told *the fifth estate* in November, 1995, that the letter was not unusual. "It's not the first time," he said. "I had the Marcos case, we have a Korean case, and so on and so on. We are not very shocked."

After the story broke in Canada in November, 1995, an outraged



It began with a complaint from Boeing



Schreiber told reporters he did not control the Liechtenstein company nor own bank account 18679. In a Toronto *Saturday Sun* story published on Dec. 2, 1995, he issued a feisty challenge. "Where is the proof that IAL belongs to Mr. Schreiber?" he asked reporter Robert Fife. "Where is the proof that there is a signed agreement between Airbus and IAL? Where is the proof that the bank accounts where the money was transferred belongs to Mr. Schreiber or Mulroney or Mr. Moores? Where is the proof?"

The documents that may answer at least some of those questions are now in several hands. Pelossi himself has meticulous records that he has turned over to the RCMP and to certain media outlets, including *Maclean's*. From these documents, the police concluded that IAL was controlled by Schreiber, that commissions from Airbus, MBB and Thyssen flowed into account 18679 in Switzerland, and that one of the companies he controlled arranged the purchase of a Florida condominium for Moores. Pelossi would not give *Maclean's* a copy of the contract between Airbus and IAL, but allowed it to be copied out by hand; the document shows an Airbus fee structure involving three airlines—Wardair, Air Canada and Canadian Airlines. What the documents clearly do not show is any trace of money going to Mulroney. Moores agreed to open his numbered Swiss accounts to the police.

Schreiber fought back. Finally acknowledging ownership of account 18679, he began a Canadian court battle to block the police from seeing his records, even though he might have helped to exonerate his friend Brian Mulroney by showing that no money had gone to him. Schreiber's court fight was successful; last July, federal Judge Howard Wetston ruled that the search would violate Schreiber's charter rights. But the assault on his banking records was not Schreiber's only problem with the police. By the late fall of 1995, in an investigation they called Amigo, German tax officials, investigating possible tax evasion and corruption, were also examining his business deals, especially allegations that Schreiber had paid millions of Deutschmarks to German politicians and government bureaucrats to help him sell Thyssen tanks in the Middle East. The German investigation is still under way and officials there admit frustration at not being able to interview Schreiber himself about his income taxes, since the raids, he has been living in his holiday home in Pontresina, Switzerland, near the ski resort of St. Moritz.



Pelossi, Moores (top), Schreiber (left): denials of wrongdoing and a federal government apology

In Canada, the federal government has appealed Wetston's ruling on Schreiber's bank account to the Supreme Court, but no decision has been made. Now that Sgt. Fraser Fiegenwald, who became the centre of controversy in the Mulroney libel case, is off the investigation, the five-member RCMP team is led by Det. Insp. Peter German, who came onboard last September after completing a lengthy and successful inquiry into the B.C. NDP's notorious Bingogate scandal. German's team has also hired a small Ottawa forensic accounting firm, Boyer, Monk & Payne Inc., to help them with the paper chase. So far, the formal investigation has lasted 15 months and has taken investigators across North America and to several European countries; insiders say it will take at least another three years to complete because of the difficulty of tracing money movements around the world and delays caused by court challenges. For the Mounties, despite last week's stinging setbacks and humiliations, the bottom line remains the same: Where did the money go? And what was the purpose?

With RAE CORELLI in Toronto



Tremblay and Mulroney: a remarkable relationship

PEAS IN A POD

COVER

Two 'local' boys take on Ottawa and win

On a Sunday afternoon in November, 1995, Montreal lawyer Gerald Tremblay was at home when he received a telephone call from Yves Fortier, chairman of the Montreal law firm Ogilvy, Renault—and a longtime friend of Brian Mulroney. "Yves said something terrible had just happened to Brian and they both agreed I was the man to help," recalled Tremblay, the chairman of the Quebec section of the McCarthy Tétrault law firm. "He asked me to come to Brian's house right away." When Tremblay arrived at Mulroney's home one hour later, he was stunned. Mulroney, he said, looked "pale, shrunken and shocked." He said the government had accused him of taking bribes, and he kept repeating, 'How could anyone say this about me?' " Contrast that with the scene that took place in Le Mas des Oliviers, a longtime favorite meeting place of Montreal lawyers, one afternoon last week. In a lunch with Tremblay that marked Mulroney's first public appearance since receiving an apology from the federal government, the former prime minister was greeted by spontaneous applause from most of the other patrons. He was smiling and appeared relaxed and eager to meet with acquaintances and strangers alike. "That," said Tremblay after the lunch, "was the real Brian Mulroney."

So began, and ended, a remarkable and often intense working relationship between two of Montreal's most remarkable personalities. Mulroney and Tremblay: two slightly roguish local boys taking on the Ottawa Establishment—and winning. That, at least, was the way it was portrayed in Montreal's tightly knit legal community, where outsiders are viewed with suspicion—and where both men are renowned for their high-flying ways. "Brian," says Tremblay, "is one of the few people I know with more energy than me." Still, Mulroney's friends, in turn, credited Tremblay with building a flawless case, and one that kept Ottawa on the defensive.

Often described as "the king of the courtroom," the moustached, impeccably groomed Tremblay is known for the gusto that he brings to the practice of both law and life. One often-told story concerns the time when, as a young lawyer, he was sent by the federal government to study to investigate Mafia links with Canada. When Tremblay arrived in a small town there, he was greeted with fanfare by the local mayor, who referred to him as "magistrate"—a position of enormous respect in Italy. A delighted Tremblay responded by telling the waiting crowd to "take the rest of the day off."

Much loved by staff in many of Montreal's better restaurants for his big tips and practised ease with a wine list, Tremblay, 52, is also an accomplished courtroom orator whose genial manner masks a toughly competitive nature and an acid edge that sometimes became evident in the dealings between the Mulroney side and the government—even in the smallest of ways. After Mulroney's side subpoenaed Jean Chrétien's long time adviser Eddie Goldenberg to testify, Goldenberg asked for a delay so that he could accompany the Prime Minister on the Team Canada trip to Asia. But the Mulroney side, suspicious of Goldenberg's insistence that he had no early knowledge of events, refused to agree.

Despite some similarities between Mulroney and Tremblay, the match was not always an obvious one. For one, Tremblay—although not actively involved in politics—comes from a family with a long Liberal tradition. And although Mulroney and Tremblay have known each other for almost two decades, Tremblay concedes that for most of that time "we were more social and business acquaintances than friends, although we always had good relations." Now, after working closely with Mulroney for more than a year, Tremblay says "I just love Brian. Those who don't like him simply don't know him."

At the same time, Tremblay's affable manner helped, at least publicly, to mask the private bitterness of his client. Mulroney was scathing about both the nature of the allegations against him and what he considered their pettiness. Referring to the $5 million the government alleged he received in kickbacks, he frequently remarked to acquaintances that if he ever needed such an amount, he would be more likely to turn to such well-heeled friends as Paul Desmarais, Charles Bronfman or Ted Rogers than to Frank Moores—a man not known for deep pockets.

Now, the two men go their separate professional ways. Mulroney spent last week end at an Archer-Daniels-Midland board meeting in Chicago, and then flies on to board meetings in Belgium and England. Tremblay goes back to his office in Montreal's former Windsor Hotel—and an even higher profile in the courts and the five-star restaurants where the legal elite meets. "Gerald," says a friend, "is the only guy in town who has judges phoning him for hockey tickets." That task just became easier in future, Mulroney has said, Tremblay can use his ice-level season tickets anytime.

ANTHONY WILSON-SMITH

Canada NOTES

ENDING AN INQUIRY

Defence Minister Doug Young ordered officials of the 16-month-old Somalia inquiry to wrap up hearings by March 31 and deliver a report by the end of June. Even though that amounts to a three-month extension of the original deadline, inquiry officials protested that the extension is not long enough. Critics also charged that ending the inquiry this spring will short-circuit the investigation into the role of the federal government in the scandal-plagued 1992-1993 Somalia mission.

DIRECTLY TO JAIL

Michael Hopfner, a former Saskatchewan Tory MLA, was sentenced to 18 months in jail. Hopfner, 49, is the sixth member of former premier Grant Devine's government to be convicted in a political scandal that saw members of the Conservative caucus defraud the province of more than $637,000 through a system of false expense claims between 1986 and 1991.

AT THE POST

Université de Montreal law professor Daniel Turp announced his candidacy for the leadership of the federal Bloc Québécois. He is the sixth person to enter the race to succeed Michel Gauthier, who will step down in March. House Leader Gilles Duceppe is the acknowledged front-runner in the race.

NO WAY OUT

Immigration officials confirmed that they had deported former Irish terrorist Patrick Ward. Once a member of the Irish National Liberation Army, Ward turned against his colleagues in the early 1980s and came to Canada on a visitor's visa in 1985. A ruling giving him refugee status was overturned in 1990, and Ward's subsequent legal battle to have that decision reversed proved unsuccessful. Ward is believed to have been sent to London.

SAVING THE ALOUETTES?

The beleaguered Montreal Alouettes may yet be saved, said Canadian Football League chairman John Tory. The reason: the league has received a serious application for the debt-ridden franchise from New York businessman Robert Wettenhall. Current owner Michael Gelfand, a Maryland kidney surgeon, would likely remain in a minority capacity. The Alouettes are $1 million in debt.



TED JACOBS/THE SUN

FIERY END: Two men were killed when a propane leak led to an 8:30 a.m. explosion at a small motel in Kamloops, 420 km northeast of Vancouver. Workers from nearby stores pulled an injured, 10-year-old boy from the burning wreckage, but were unable to save a man heard crying for help from under the debris. Marc Andre Oliver and Gordon Harry Prouse, both 39 and of Kamloops, died in the accident.

Hot times for nuclear power

Ontario Hydro, the largest operator of nuclear plants in North America with 20 reactors, announced that it has turned to a team of U.S. experts for help with its troubled nuclear program. Carl Andognini, an expert with 30 years of experience at U.S. utilities, will take over as head of the Crown corporation's nuclear division by the end of this month. Andognini and six others from the United States have been hired on a three-year contract for an undisclosed amount. Last month, the federal Atomic Energy Control Board renewed Hydro's operating licence for its Pickering plant, 20 km east of Toronto, for only six months instead of the usual two years, citing the need for "major safety-related changes." Hydro president Allan Kupcis called the outside hiring a "wake-up call" for an organization that has long prided itself on its nuclear expertise—but has lately been showing signs of decline.

Among the problems the U.S. team will likely contend with is a growing concern over corrosion in the feeder pipes that carry radioactive heavy water from the fuel channels in a nuclear reactor's core. Last week, the New Brunswick government announced that 13 of these pipes in its plant at Point Lepreau, 40 km from Saint John, were thinning because of unanticipated corrosion. A spokesman for Ontario Hydro said that the utility is also looking at the problem of corrosion, but noted that the Point Lepreau reactor may be more susceptible to corrosion because of design differences between it and Ontario's reactors.

Two premiers shuffle the deck

BC Premier Glen Clark tried to breathe new life into his cabinet by appointing novice MLA Cathy McGregor as Environment minister and shifting Paul Ramsey from that portfolio to Education—a post left vacant in December when Moe Sihota stepped down because of conflict-of-interest allegations. In Manitoba, meanwhile, Premier Gary Filmon moved Jim McCrae from Health to Environment, and Rosemary Vodrey from Justice to Culture, Heritage and Citizenship. Filmon said that the two needed "a rest." Both have been under fire, McCrae for changes to health care and Vodrey for her handling of a riot at Headingley Correctional Institution.



Major: a New Year fresh start fizzled

The Tories' tears

John Major is plagued by scandal and 'Euroskeptics' as an election looms

As enemies go, Max Clifford is one that most public figures would rather not make. Sweeps of snow-white hair and a lawyerly demeanor mask the fact that Clifford is a peacock when it comes to publicity. Anyone with sensational information to sell in Britain knows to shop it to the country's salacious tabloid press through Clifford, especially if the dirt is going to stick to a politician. "Publicist" is simply too modest a term for what Max Clifford does. His clients in the past year included O. J. Simpson, for whom he arranged a speaking engagement at the Oxford Students Union, and Mandy Allwood, whose personal account of her eight-fetus pregnancy and miscarriage reportedly earned her more than $1 million from a British tabloid—minus Clifford's cut.

But Clifford seems to get the most joy out of outing any Tory politician with a wayward private life, and his hit list is lengthening. He struck again last week, orchestrating the expose of a Tory backbencher allegedly caught in sexual shenanigans that were hardly what Prime Minister John Major meant when he portrayed the Conservatives as the party of family values. Jerry Hayes, a husband, father of two and a minor backbench MP, was accused of having a 16-month-long homosexual affair with an underage Young Conservative. Little is shocking in those details alone, which are run-of-the-mill in the annals of British parliamentary sex scandals. What did unsettle Major and his colleagues was Clifford's vow that he was ready to wage a "personal vendetta" against the Tory government, promising to drop two or three more scandals on the British public between now and the general election that Major must hold within five months (most observers expect the call for May 1).

Clifford is a vocal Labour Party supporter, for whom every toppled Tory is a legitimate casualty of the class war. Perhaps hoping to elevate the art of peddling sleaze, he said he is driven by anger at the decline in Britain's public health care service under 17 years of Tory rule. But to an already rattled Tory caucus, he was no more than a front man for Labour dirty tricks. Labour officials swiftly disavowed any association with Clifford, but they must have smiled as Major's dreams for a fresh political start to the new year fizzled. This month was supposed to mark the beginning of the unofficial campaign for a fifth consecutive Tory win, in which Major would try to turn the focus from Tory internal woes to the "risks" of electing a Labour government. The Christmas recess had come none too soon for the Prime Minister who, in the run up to year's end, saw his parliamentary majority erased by another byelection defeat and narrowly avoided a government loss in the Commons.


BRUCE WALLACE
IN LONDON

Further, the Tory party remains hopelessly split over how much European integration is a good thing for Britain. Top cabinet ministers, some with an eye to succeeding Major as Tory leader after an election defeat, have begun arguing publicly over whether Britain should give up the pound and join the single European currency planned for 1999. None of their positions bear much resemblance to Major's compromise position to "wait and see" how the negotiations go, which is hardly "the buck stops here." Such chaotic governing has taken its toll. Under leader Tony Blair, opposition Labour has dropped much its old socialist economic baggage (the Blairites now call their party "New Labour"), and holds a 20-point lead in the polls.

The gap has barely budged in two years and has given Labour an aura of invincibility. Blair has the itchiness of a politician impatient with the bond of opposition, and his aides have slipped to indiscreetly speculating about the renovations needed at the prime minister's residence at 10 Downing Street to accommodate the Blair family's two school-age children. Even Major's allies doubt he can win. "Writing about him," lamented political columnist Bruce Anderson in the conservative magazine *The Spectator*, "it is hard to avoid obituary mode." Those conditions have made prime ministerial life in the House of Commons downright unpleasant. Not only do Major's ears burn from the heckling of his own backbenches, but he has to look across the Commons aisle every day at the scornful Blair's increasingly histrionic finger-jabbing demands that the Tories call the election *right now*.

So there was little surprise at Major's decision to take his campaign away from the cacophony of the Commons. He began the new year with a series of one-on-one television interviews, followed by a White House-style news conference to try to establish the terms of debate for the coming election. In essence, he plans a fear campaign against Labour, contending that electing Blair is an unnecessary gamble at a time when Britain's economy is healthy. He portrayed the choice between the Tories and Labour as an economic decision between "smiles and tears," and then stepped aside as new Tory ads were unveiled.

In the new campaign, black-and-white ads depicted wasted, emotionally shattered-looking people with red tears dripping from their eyes, backed by one of five warnings such as "New Labour—New taxes," and the even less catchy "New Labour—New mortgage risk." This, the Tory election brass insisted, was not negative campaigning—but the ridicule that greeted those claims and the ads themselves was hardly what the Tories hoped to get for their $15-million investment.

Scare-mongering over Labour's economic policies remains a questionable tactic, at any rate, since Blair has exorcised Labour of its old left wing, tax-and-spend image. The new Labour Party believes in unfettered markets, opposes new taxes, no longer plans to nationalize industries, and is arguably tougher on crime than the Tories (last week, Blair announced he favored a zero tolerance policy towards aggressive beggars, petty street criminals and graffiti artists, and added for good measure that he never gave money to beggars). The convergence towards Tory economics has alienated many traditional Labourites, but Blair calculates that the changes will make the party electable again after four successive defeats.

The real fault line in modern British politics is over the issue of European integration. Until recently, the so called debate over "Europe" was a topic sniffed only in the rarified salons of multinational business people and the political class. "Now it's becoming a mainstream issue," says Bob Worcester, chairman of the MORI polling firm, pointing to a December survey that shows nearly one in four Britons citing Europe as the single most important issue facing the country. Major sees that as an opportunity, arguing that the Tory party's skepticism towards European federalism means that he, rather than the pro-European Blair, is best-suited to guard British interests at crucial European Union negotiations leading up to the single currency.

But the Tory divisions over Europe seem powerful enough to tear the party apart. Its skeptics are gathering strength, toughening their anti-European demands even as their attacks on the Prime Minister's policy hurt their chances of re-election. "We've got all these Andy Warhol types, looking for 15 minutes of fame and having a lovely time being in front of the media," complains Tory MP Edwina Currie, a strongly pro-European member. "I've heard it said inside the party that it would suit many Euroskeptics to be in opposition so they can swing the party their way, and that's a dangerous attitude. Are they better off if a Labour government is doing the negotiating?"


Blair: polls give Labour an aura of invincibility

But the attrition from the Tory's pro-European ranks continues, as ambitious ministers try to establish anti-European credentials. And the Euroskeptics grow bolder. Where they once balked at joining the single currency, many now demand a British withdrawal from the European Union's political bodies altogether. Their arguments have become increasingly Europhobic, essentially contending that Germany's de facto domination of pan-European monetary policy is nothing more than the continuation of the Second World War by other means. So bad was the rift in December that Major's formidable and pro-European finance minister, Kenneth Clarke, rose in the Commons to all but give his blessing to Britain's membership in the single currency. It was a warning to Major that caving in to the skeptics could cost him the resignation of a popular chancellor of the exchequer.

And Major is banking on Britain's high-performing economy to pull him out of trouble by election day. Britain's growth rate and employment levels are the envy of Europe. But as Canada's Tories learned in 1993, sometimes voters have simply made up their minds that it is time for a change. In a week that offered more Tory infighting, more negative advertising and another Tory scandal, Labour's new campaign slogan may have more accurately caught the public mood. Theirs said simply: "Enough is enough." □



Banging lids near Belgrade riot police: a crack in the armor

WORLD YUGOSLAVIA

Reform, Serbian-style

Facing rows of riot police on the streets of Belgrade last week, Serbian youths placed flowers on their uniforms and read them Dostoyevsky When the police finally dismantled their cordons after an all-night standoff, thousands of students ran and danced through icy predawn streets It was Day 54 of the protests and another institution loyal to repressive President Slobodan Milosevic had shown a crack in its armor Other youths were still working at opposition headquarters "It's exhausting leading a revolution," said Nikola, a young Democratic party press officer who had not gone home for three days

By Day 55 on Saturday, there were signs the revolution was beginning to arrive. After student leaders met with top Serbian officials, the government issued a statement saying the "will of the citizens must be fully respected." It said the regime had agreed to the key demand of the protesters: the reinstatement of opposition election victories in 14 cities that had been annulled by Milosevic Other reports said opposition leaders might be offered positions in the government. But no victory celebrations broke out, as the protesters remained suspicious that this might be yet another clever manoeuvre by a Machiavellian president eager to appease critics in the West while maintaining his iron grip on power Rejecting any "piecemeal" concessions, opposition leader Zoran Djindjic vowed to continue with the protests "Our objective," he declared, "is complete reform of this country."

Yet just what that means may be the biggest question hanging over Serbia now In his trademark black turtleneck jersey and tweed jacket, Djindjic certainly looks the part of a democrat. The tall, blond 46-year-old philosophy professor cuts a romantic figure along with his bearded cohort, Vuk Draskovic of the Serbian Renewal Party Beyond ousting Milosevic, however, few Belgrade residents can articulate what the two leaders would do next "We want everything the opposite of what we have now, which I am sorry to say is a typical Communist dictatorship," says opposition spokesman Slobodan Vuksanovic. If protesting Serbs know what they are against, it is less clear what they stand for.

A protest movement is tinged with nationalism

Of the troika that leads the opposition coalition Zajedno, only Vesna Pesic, head of the less visible Citizens' Alliance, has consistently advocated an antiwar, non-nationalist platform. Djindjic and Draskovic have both dabbled in Serbian nationalism. Djindjic paid a solidarity visit to indicted war criminal Radovan Karadzic during NATO's bombing of strategic Bosnian Serb targets in 1994 He also campaigned for Karadzic's party in the run-up to Bosnia's elections last September Today, Djindjic describes his actions as mere tactics "In Bosnia, there were two parties, SDS [Karadzic's party], and the pro-Milosevic party," explains Djindjic "I think the party of Milosevic is the bigger evil."

It is a deft spin that makes some observers jittery about what democracy, Zajedno-style, would be like Leaders say their primary goal is to establish rule of law in Serbia, especially to replace the courts controlled by Milosevic with an independent justice system More fuzzily, they call for a "quick privatization that would guarantee security to workers," a potentially contradictory economic goal The coalition has also said it would uphold the Dayton peace accord in Bosnia and push for a reintegration of Serbia in Europe. But tolerance of ethnic and minority groups does not appear to be high on the list.

The opposition movement and its supporters have yet to make a decisive break with Serbian nationalism. Instead of owning up to atrocities against Croats and Muslims that were committed in the name of a greater Serbia, protest leaders point to abuses on the other side and blame Milosevic alone for the four years of conflict. "The people cannot be responsible for the war," says Vuksanovic "Only the creators of the war can be responsible." Serbia's Orthodox church and even the Yugoslav army have recently signalled backing for Zajedno Yet the military is rumored to be bitter towards Milosevic for walking away from the war And the church has fanned the flames of nationalism by promoting an identity for Serbs as victims of history—symbolized by their 14th-century defeat in Kosovo at the hands of the Turks Many Serbs consider Kosovo—a Serbian held region that is more than 90-per-cent Albanian—their own Jerusalem. "We will give the Albanians all sorts of autonomy," said Zajedno's Vuksanovic, "but we would not allow Kosovo to secede from Serbia."

For all that, the tide of events last week seemed to favor Zajedno Shortly before the regime's new statement, Washington had said it was looking at freezing new trade deals with Serbia to pressure Milosevic In neighboring Bulgaria, protesters occupied Sofia's parliament for 10 hours to demand that the ruling ex-Communists hold new elections Some said they had been encouraged by the Serbian student protests And if Serbia's opposition does take over the disputed municipal offices, Djindjic would instantly become mayor of Belgrade, granting him control of the capital's television station, Studio B That is seen as crucial to the campaign to oust Milosevic in a national election set for next November—if the revolution does not come sooner.

NOMI MORRIS *with* *LAURA KAY ROZEN in Belgrade*

WORLD UNITED STATES

Questions of ethics

Every two years, as they begin a new session, members of the U S House of Representatives honor a charming tradition Before they get down to the serious business of beating each other's brains in, politically at least, representatives have their families join them on the floor of the chamber for the opening ceremonies And so it was last week that as Newt Gingrich narrowly won re-election as House Speaker, a flock of children in their Sunday best squirmed and wailed before him, blissfully unaware of the drama they were witnessing. The cloud of ethical questions hanging over Gingrich turned his election into a tense spectacle during which he apologized not once, not even twice—but three times He was sorry, he said, for bringing "inappropriate attention" to the House. And looking like nothing so much as a contrite schoolboy, he reflected on his debut two years earlier as champion of the so-called Republican Revolution "To the degree that I was too brash, too self-confident, or too pushy," he said, "I apologize."

In the end, only nine Republican congressmen deserted Gingrich, and he was re-elected by 216 votes to 205 But the damage had been done the Republicans no longer have a strong, credible leader able to take their message to the public. And that could not have come at a better time for their main opponent President Bill Clinton. Along the route from the Capitol building to the White House last week, workmen were hammering together temporary stands for Clinton's second inaugural parade on Jan 20. The humbling of Gingrich—who stands accused of using money collected by tax-exempt charities to finance his political activities and of not telling the whole truth to the committee investigating the charges—has some obvious advantages for Clinton Not least, it has taken heat away from the controversy about illegal donations to the Democrats' election campaign And it means the President will face other Republicans who are quickly rushing in to fill the power vacuum left by Gingrich's decline. Chief among them is Trent Lott of Mississippi, the Republican leader in the Senate. Far from thumbing his nose at the President, Gingrich-style, Lott boasts of his frequent chats with him.

Clinton's respite will not last long, however Even before he is sworn in, he will face an embarrassing reminder that the controversies that have dogged his presidency just will not go away This week, the Supreme Court was to take up the case of Paula Jones, the 30-year old Arkansas woman who accuses Clinton of sexually harassing her The court will not address the substance of Jones's $950,000 lawsuit against Clinton. But it was to hear arguments on whether a president should be immune from such actions while he is still in office—dragging the case back into the public eye just when the President would like voters to share in the feel-good mood of his inauguration.





Gingrich and Clinton are both tainted by scandal

Gingrich (top); Jones: a sexual harassment lawsuit against the President

Even before the hearing, Jones's accusations were already attracting renewed interest, sparked in part by a story in *The American Lawyer* magazine saying that her case is stronger than many journalists had concluded Her story goes back to May 8, 1991, when Clinton was still governor of Arkansas and she was working at a clerical job for a state agency. According to Jones's version of events, a state trooper asked her to come to a hotel room in Little Rock and meet the governor She did—and once she was alone with Clinton he allegedly lowered his trousers and said, "Kiss it." Several state troopers backed up her story and said they often procured women for Clinton But after she filed her suit in 1994, the White House flatly denied her accusations and successfully portrayed her as a gold digger. The story sank—until this week.

Clinton's second term could well be plagued by a host of other scandals that would make Gingrich's alleged wrongdoing pale in comparison The President's troubles range from the illegal foreign donations for his election campaign to the Whitewater land deals and alleged withholding of documents None of the controversies is likely to sink his presidency, the danger is that a steady drip-drip of accusations could sap his energy and erode his power.

For the moment, though, those issues are sidelined as Clinton prepares to take the oath of office for the second time. In his inaugural speech, he is expected to return to a theme he has sounded since his re-election on Nov 5—the search for what he calls with frustrating vagueness "the vital centre" of American politics To the extent that it is more than mere rhetoric, the phrase implies a stance that cannot easily be pigeonholed as liberal or conservative—much like Clinton himself More concretely, the President is expected to outline a modest program for the coming months, including balancing the federal budget and overhauling the Medicare system

Clinton and Gingrich share more than the ethical issues swirling around them Their political futures are, in many ways, hostage to each other The harder Democrats push their complaints against Gingrich, the more likely Republicans are to pursue investigations into the President's murkier activities The result could be a depressing standoff discredited politicians in both the Capitol and the White House.

ANDREW PHILLIPS *in Washington*

YELTSIN'S NEW ILLNESS

Doctors said Russian President Boris Yeltsin would need another three weeks to get over a bout of pneumonia. The 65-year-old was still recovering from last fall's heart bypass surgery when he was hospitalized on Jan. 8. Yeltsin had only resumed full duties two weeks earlier, after being sidelined for nearly six months. His latest illness raised new fears about Yeltsin's ability to lead a nation in economic crisis.

TENSION IN CYPRUS

New UN Secretary General Kofi Annan called for maximum restraint after Turkey threatened a military strike should Cyprus deploy ground-to-air missiles it recently agreed to buy from Russia. The leader of the Turkish community in Cyprus also threatened to take over a resort that was closed down as part of a UN accord that divided the island in 1974. Washington criticized Turkey's remarks while urging the Greek-Cypriot leadership to cancel the missile deal.

COMMUTER TRAGEDY

A U.S. commuter plane crashed into a snowy field outside Detroit, killing all 29 people aboard. The plane, a twin-engine Embraer 120 operated by Cincinnati-based Comair, went down in a heavy snowstorm, but officials said the pilot had not sent any distress signals. Media reports said the Brazilian-made Embraer has been involved in 13 other fatal crashes since 1986.

PEACE IN 'DANGER'

Palestinian leader Yasser Arafat said peace with Israel was in danger as intense talks over the disputed town of Hebron remained deadlocked. Israeli Prime Minister Binyamin Netanyahu also expressed fears for the fragile 1993 peace deal after two nail bombs exploded in Tel Aviv, injuring 13 people. In the West Bank town of Nablus, 15,000 supporters of the militant Islamic group Hamas roared support for new attacks on Israel.

TIGER OFFENSIVE

Tamil Tiger separatists waged a fierce battle for control of a key northern Sri Lankan town held by the army. More than 500 guerrillas and 60 government soldiers died in the raids on Paranthan, 296 km north of Colombo. Last summer, the army drove the Tigers from their Jaffna peninsula strongholds.



ERIC MOLS/REUTERS

DANGEROUS OIL SLICK:

An elderly volunteer scoops up heavy oil with a makeshift ladle as 400 people in the fishing town of Mikuni, Japan, help clean up the country's worst oil spill in two decades. Leaking fuel oil from an aging Russian tanker that broke up in stormy weather on Jan. 2 had by the end of last week spread along 450 km of Japan's western coastline. High waves and poor visibility along much of the rugged shore continued to hamper cleanup efforts. Certain stretches of the oil slick had to be contained by sea fences to keep them away from 15 coastal nuclear power plants, which rely on seawater to cool their systems. More than 3,700 tons of fuel oil spilled out of the 26-year-old Nakhodka when it split in two in the Sea of Japan.

A solo sailing race goes wrong

He left his wife and eight-year-old daughter behind in Montreal, and a tearful mother who had tried to talk him out of it. But 43-year-old lawyer Gerry Roufs was determined to fulfil the dream of a lifetime when he set out early last November from France on a 46,000-km sailing race that would take him and 15 other solo competitors around the world. Last week, Roufs sailed into hurricane-force winds and 15-m seas in one of the most forbidding places on earth—the Pacific Ocean off the southernmost tip of South America. The French sponsors of the gruelling competition lost all radio contact with Roufs and his yacht, the Groupe LG2. Rescue vessels were scouring a 280-square-mile area for the missing Canadian, but race organizers were becoming increasingly pessimistic about his fate. In Victoria, Roufs's mother Suzanne told CBC Radio, "I begged him not to go."

The violent seas made victims of two other competitors in a field that had already been reduced to 11. British sailor Tony Bullimore, 56, spent four days inside the hull of his capsized craft before an Australian search-and-rescue crew arrived to find him suffering from hypothermia and dehydration. The Australians also rescued 29-year-old Frenchman Thierry Dubois, who was airlifted to safety from his life raft.

Hollywood versus Germany over Scientology

German leaders reacted angrily to a claim by a group of U.S. celebrities that Germany is oppressing followers of Scientology in the same way that Hitler persecuted Jews. Stars such as Dustin Hoffman and Goldie Hawn joined Hollywood executives in signing a $75,000 full-page ad in the Paris-based *International Herald Tribune* addressed to German Chancellor Helmut Kohl. The group, none of them members, said Scientologists had been systematically excluded from government employment and schools. But Foreign Minister Klaus Kinkel denied there was persecution, and a German Jewish leader said the ad was a "disgraceful" distortion of history.

An advertising supplement to the January 20, 1997 issue of Maclean's magazine.

MAKING THE RIGHT MOVES

PART ONE





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Last year, Canadians invested a record $23 billion in RRSPs. That is a big number, but only 15 per cent of the $153 billion they were entitled to invest. So does that mean our RRSP accounts are 85 per cent empty or 15 per cent full?

It may seem dispiriting that we take so little advantage of the single best tax saving deal still available, even though doubts persist about whether most of us will ever get a government pension. We do this even though, in this age of employment mobility at best and unemployment at worst, company pensions are often only a wistful memory.



PHOTO: PETER BREGG

Still, there is growing belief in the trenches of the financial services industry that Canadians are growing in investment savvy and more willing to commit to retirement savings. As Kevin Wolfe, chief operating officer for Bissett & Associates, a Calgary-based investment manager reports, "Typically we used to see a rush to contribute in January and February. Now for whatever reason, people are starting to make their plans and decisions much earlier. There's certainly much more interest and activity than we've seen before."

So as our contribution to investor education, we are once again presenting our *Maclean's RRSP Guide*, with advice for every type of investor, from the cautious GIC holder pondering a bold leap into new RRSP products, to the sophisticated investor maneuvering through the intricacies of tax rules and strategic diversification. We will tell you how electronic banking will affect RRSPs, where to find good advice in a confusing marketplace, the best books to read, why women need to pay special attention to their RRSPs and why the investment industry needs to pay special attention to women. Along the way, we will share tips on tax planning and products, highlight startling facts and figures on RRSP investing, dispel some myths about mutual funds, and reveal the investment triumphs–and disasters–of top figures in the investment and financial services industry. And in our final installment, we'll offer hope and comfort– and some unusual sources of good advice–to last-minute RRSP shoppers.

After several years of rumours of major changes to the RRSP rules, the basics still remain in place. And, with the Canada Pension Plan in peril, it's unlikely the Liberal government will remove Canadians' best chance for a secure retirement.

Nevertheless, the tinkering in last year's Budget—two years less to save and a maximum contribution of $13,500 per year—will make an unpleasant difference to some people's retirement plans. And those changes serve as a warning that the rules can change at any time. So it's important to make the best possible use of all the opportunities you have now.

What follows is a basic review of why RRSPs are important and how they work. We will also give you some special tax tips, some strategies for those approaching retirement, and advice from some of Canada's leading money watchers and managers. But remember— if you plan to try something new or if your financial situation is complex, you may need to consult an accountant or other financial adviser.

TAX TIP

Borrowing money to contribute to your RRSP, then paying it back with your tax refund is better than not contributing at all — especially if your bank offers you an attractive loan, as many do. But a better strategy is to stop overpaying your tax in the first place. If you know that your payroll tax deductions are too high, arrange to have them reduced and contribute the extra money on your paycheque to your RRSP throughout the year. (Your banking institution should be able to help you with the arrangements.) You'll get better compounding in your RRSP.



EXPERT

MICHAEL WIGGAN

president and CEO, Sceptre Investment Counsel Limited

I had a mentor by the name of Yip MacKay at Pitfield MacKay Ross. He told me, if you want to make money, you have to think like the people who have money. To do that you have to save and not trade. Buy good things and keep them. It doesn't mean you shouldn't ever sell. But you shouldn't be doing it every five minutes. There's always something that looks more attractive. But that's because many market players roll the bones and by the law of averages somebody's always winning in the short-term.

I've always put my money where I worked. I feel comfortable investing my RRSP at Sceptre because it's very much the approach I would take and it also avoids conflict of interest. I lean toward balanced funds because then asset-mix decisions are already made. Also, through Sceptre, I'm very heavily invested in the stock market outside my RRSP. So I put a lot of eggs in one basket, but I really watch the basket.

The worst mistake I made was in 1984, not believing that interest rates would go a lot lower. I was convinced by senior bond people in this country not to buy strip bonds. I could have bought $1 million worth of strips for $50,000. But there you go. You can't do it all right.

Why are RRSPs so important?

RRSPs have always been a better way of saving for two reasons. First of all, you do not pay any tax on the money you make in your RRSP until you withdraw it. So your RRSP savings accumulate a lot faster than other investments.

Second, you can deduct the amount that you contribute to your RRSP from your taxable income, which can result in considerable savings.

How much can I put in?

For 1996, the maximum you are allowed to contribute is $13,500 or 18% of your income, whichever is less. Revenue Canada should send you a Notice of Assessment letting you know what you are allowed to contribute. They base their calculations on your 1995 income. For most people that is your salary (box 14 of your T4 slip), but it may also include other income – such as the net amount you made from any business or rental property or any money you received as alimony. And you must also subtract from that figure any benefits you received from an employer-funded Registered Pension Plan (RPP) or Deferred Profit Sharing Plan (DPSP). (You can find this amount in Box 52 of your T4 slip.)

If you lose your Notice of Assessment, you can phone the Tax Information Phone Service (TIPS), listed in the Government of Canada section of the Blue Pages under Revenue Canada. By keying in your social insurance number and birthdate, and your total reported income (line 150 of your 1995 tax return), you can find out your contribution limit.

Remember, if you do not contribute this year you have not lost the opportunity. At any time in the future, you can still put in that money and claim the deductions. Do not wait too long, however, because this rule might change.

How much will I save in taxes?

Every dollar you put into your RRSP reduces your taxable income by the same amount. So to figure out how much you are saving, multiply the amount you put in your RRSP by the rate you are being taxed at. For exam-

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*Bell Charts, October 31, 1996 †Nelson's World's Best Money Managers Survey, June 30, 1996

DANIEL CHARTIER, CGA

vice president and investment adviser, Desjardins Securities Inc.
Quebec's provincial finalist, the IDA Distinction Program



I have a background in accounting, so I tend to have quite a conservative strategy. I have 50 per cent in bonds and 50 per cent in equity.

The yields we have received on bonds in the last 15 years have been very good. But I might drop my percentage of bonds if rates continue low. I tend to buy municipal or corporate bonds because I like to have some money coming in during the year if I want to buy some stocks. I never buy deposits.

I buy stocks rather than equity mutual funds. Fifty per cent of my equities are blue chip stocks I buy for the long term. I am not at ease with concept stocks like high tech. I do not understand them so I never buy into them, even though there has been some good opportunities. The other half is in special situations–companies with good balance sheets that are undervalued.

I know all the advantages of foreign equity but I am not a great believer in it. Particularly right now. We are only seeing the beginning of the benefits of the budgetary changes put in place by the federal and provincial governments. I am thoroughly convinced in three to five years we will see very good improvement of the Canadian dollar and an increase in interest from outside investors. So maybe I should have invested in foreign equities a few years ago but now I think it is too late.

The most important mistake to avoid for me or anybody is to get excited about something. Recently I bought warrants to buy stocks of a company. I got excited and strayed outside my plan. I will not lose money, but it might force me to buy more stock in that one company than I would like to have in my RRSP.

FACTS

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TAX TIP

Do not forget your RRSP when you do your estate planning. If you leave the savings or an RRSP plan to a specific person, it will go directly to the beneficiary without taxation, and the estate will pay the tax bill. This can be a problem for those who wish to bequest equal shares in their estates. On the other hand, the tax-free payout of an RRSP will lower the estate's overall probate fees.

TWO LOST YEARS

Canadians approaching retirement should be paying even closer attention to their RRSPs, now that the federal government has reduced the age from 71 to 69 at which you must collapse your RRSP or roll it into a RIF or an annuity.

"For individuals who are in the 65 plus range this is a big loss," says Jennifer Hines, group product manager for retirement products at Scotiabank, "because suddenly they have two fewer years. Two fewer years to contribute and two fewer years that the money can grow."

"It's a dramatic change," says Mark Kinzel, region manager in Regina for the Investors Group. "But does it change your strategy? Probably not. But it does put more urgency into it." A few items you should consider:

- If you have any unused contribution room, try to use it up before retirement.
- Balance retirement incomes by contributing to your spouse's RRSP. Too many older Canadians are still stuck in the breadwinner-homemaker mindset when it comes to RRSPs, says Kinzel. "You have to do it now. You can't wake up at 69 with $100,000 in your RRSP and say, I think I'll give $50,000 to my wife."
- Take advantage of financial planning tools for retirement. Kinzel especially likes the new software programs that can help you figure out how much you'll have from your RRSP and government and company pensions, how much you'll need and the best way to draw out income.

There should be plenty of advice available. For example, Hines says that, largely because of this change, Scotiabank has doubled their contingent of personal investment managers.

The change is a warning bell that RRSP investors need to keep a close eye on their RRSP strategies, especially as they approach retirement age, says Kinzel. "People now are becoming more aware of needing to have a plan done and updated every six months or a year at the most. The government will continuously change the rules, so you can't just make a plan and forget about it."

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ple, if you put $2,500 into your RRSP, your taxable income will be reduced by $2,500. If your income is taxed at 40 per cent that means you have saved 40 per cent of $2,500, or $1,000.

When should I contribute?

If you want it to count in your 1996 tax return, you have to contribute to your RRSP by March 1, 1997.

Although 80 per cent of RRSP owners wait until the last minute, that is not the best strategy. Not only is it difficult to come up with that money all at once, you will also get a greater financial benefit if you contribute earlier. Ideally, you should make your total contribution as soon as possible. That means you get tax-free interest on your retirement money throughout the year. And that can make a big difference when you get to retirement. For example, if you put $5,000 into your RRSP on January 1st of every year for 30 years and it makes eight per cent interest, you would end up with $57,279 more than if you waited for the deadline.

Of course, it may be just as hard to come up with that contribution at the beginning of the year. So another good choice is to contribute every month. Virtually all financial institutions and investment companies now offer automatic withdrawals that will take money from your account every month for your RRSP. Two out of five RRSP holders are using this service, according to a Bank of Nova Scotia study. And in some cases you can arrange for that money to go into a particular investment, such as a mutual fund owned by the bank. "The number one mistake people make is procrastination," says Michael Campbell, host of the *Money Talks* radio and television shows. "People don't understand how little money it takes to make a difference—just $100 a month."

Regular contributions will also help your return on investment. You will not get as much benefit as you would if you contributed the entire lump at the beginning of the year. But you will still get a greater tax-free return than if you waited till the last minute. You will also benefit from what is called dollar-cost averaging, because you are contributing over a period of time, you flatten out any increase or decrease in interest rates or mutual fund values, rather than being stuck with whatever is available at the time.

What if I put in too much?

The government allows a certain leeway for miscalculations: you can overcontribute to your RRSP by up to $2,000 throughout the life of your plan, without penalty.

TAX TIP

If you are reaching the point where you have to collapse your RRSP, there's a neat trick you can use to top it up and get an additional tax deduction.

Technically, you are not allowed to contribute to your RRSP after the date when it must be rolled over into a RRIF or an annuity. However, the rules also say you can contribute to an RRSP based on your previous year's income.

Say you are required to collapse your RRSP in January 1997. You have already made your RRSP contribution for 1996. But then, in December, you contribute an additional $13,500.

That is against the rules, and the government will charge you a one per cent penalty per month. That means a whopping $135 for the month of December. After that, your RRSP has been collapsed, so there is no more penalty.

When you file your income tax return in 1997 you can deduct that additional RRSP contribution as your contribution for 1997. Assuming you are in the highest tax bracket, you will get a tax deduction of over $7,000.

HOW LOW-KEY CAN OLDER INVESTORS AFFORD TO BE?

There are other reasons besides the 71-69 change for older people to keep a close eye on their RRSP investments. "In the past, the traditional advice was as you get older you get into safer investments," says Jennmfer Hines. The theory was that seniors could coast comfortably into the sunset on cushion of GICs. That may have worked when lifespans were shorter, but today, "a 65-year-old could have another 25 years to invest."

A recent study by researchers at York University's Faculty of Administrative Studies in Toronto suggests that older investors who rely on fixed income investments may not have enough money to last their lifetime. The study recommends that investors maintain a healthy share of equities in their portfolio until at least age 75.

Venturing into equities may be unnerving for long-time GIC investors, says Hines. "We're not suggesting you should take undue risks. But look at the options. There are very solid, well-performing funds."

TAX TIP

Remember that you will be penalized if you have more than 20 per cent foreign content in your RRSP, and not just for the year but for every month that you are over the limit. Make sure that either you or your financial institution is keeping careful monthly track of your foreign content.

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PROFILE

JANE SMITH

vice-president and chief financial officer, Beacon Securities Limited



I have a self-directed RRSP and I try to have 30% in bonds, 45% in mutual funds, 20% in stocks and 5% in cash. I always put a portion into strip bonds for the fixed income part. This will be one of the first years that I won't add further to that portion. The bonds have done extremely well. But there are a few equities I've selected that I prefer to bonds over the long term.

I select my mutual funds according to the manager and I choose my own equities – nothing wild and woolly but good companies with long-term growth potential. I don't want to have junk in my RRSP. For this year I like the Canadian market, especially natural resources, where Canada has an excellent position. I also like Europe.

I try to diversify my foreign content and occasionally take a gamble – with varying results. Japan didn't work out that well last year.

I tend to contribute monthly and top up when there's an opportunity. And I keep a little cash to buy some good stocks when prices go down during those inevitable downturns.

Although I started contributing when I was in my early 20s, I took some of the money out. And then there was a gap of about 10 years. I was putting my husband through school, and then I was raising two small children and just starting in the investment business. Then the marriage fell apart.

I knew I would have to play catch-up. But I knew I was disciplined enough that when the time came I would make up for it – not that you ever do completely catch up. I also wanted to live. There's always that balance between the present day and the future. If I'd made the contributions then, it would have been a very restricted life. So it was more a choice than a mistake.

However, if you go over that $2,000 mark, you will have to pay interest of one per cent a month on it until you either take it out of your RRSP or use it for another year's contribution. So keep track of the amount and any other pension plans–your company plan, for example–that could push you over the $2,000 mark.

Can I contribute to an RRSP for my spouse?

Yes, and in certain cases it's a good idea. Say you make a lot of money and your spouse makes less. As a result, you are in a much higher tax bracket and, between you, you pay more tax than if your incomes were the same. If you just put money into your own RRSP, then that situation will continue after you retire. The way to get around that is to take some of your annual contribution and put it into your spouse's RRSP. That way, when you retire, you can withdraw roughly equal amounts for your retirement income and pay less tax in total.

And in the meantime, while you are contributing, you still get to deduct your contributions to both your and your spouse's RRSP from your own income.

There has been a change in this area. You also used to be able to roll income from certain company pension plans into your spouse's RRSP and claim it as a deduction from your income. Since January 1995, you can no longer use the "spousal rollover" to save tax.

BE YOUR OWN BEST BANK

One of the most appealing retirement savings maneouvres is to carry your mortgage inside your own RRSP. Instead of borrowing the money from the bank to finance your house, you borrow the money from your RRSP, then make the payments to your RRSP. "So what you're actually doing is making mortgage payments to yourself," explains Howard Kabot. While this might be one of the rare occasions when you would like to have a high interest rate on a loan, the rates on this type of mortgage must be in keeping with current rates and the mortgage is supervised by a trustee, so payments must be kept up-to-date.

"It can be a good strategy," says Kabot. "However, we caution that you don't get carried away. I wouldn't like to see someone have their whole RRSP tied up in their mortgage because you need diversification. And you are locking it in at a certain rate of return."

Traditionally, financial experts have maintained that, given the size of a mortgage, the cost of setting up an RRSP mortgage, and the need for diversification, you need a minimum of $50,000 in your RRSP. "But I would probably like to see it a little higher," says Kabot. And while it may be possible to back out of the scheme if you find you cannot keep up the payments, it will almost certainly be messy and expensive. In short, it's a good scheme for the conservative and disciplined saver with a large RRSP.

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PROFILE



RANGA CHAND

international economist and author of Ranga Chand's World of Mutual Funds

I contribute early in the new year. Usually what I do is earmark my income tax refund for my RRSP.

I'm a long-term investor, with a horizon of 20 years or so. I've got 65-70% of my portfolio in equities, all mutual funds. Then I diversify within that – 30% Canadian equities, 10% small caps, 5% in specialty equity funds. It's only 10% and 5% because although the returns could be extremely juicy, they're also very volatile. I take full advantage of my foreign content – 10% in an international equity fund, which is less volatile, 5% Asian and 5% emerging markets.

The rest is in strip bonds. They're very volatile if you're planning to trade them actively because when interest rates go up, they go down in value. However, if you're just going to wait till they mature, they're a good deal because there's no risk.

I'm a relatively aggressive investor. It's not for everybody. My thinking is if I can achieve on the average 10% a year, that's a good return because your money is doubling every 7 years. People ask me, Where do you get that number? When you look at the historical evidence of financial markets, on average equity markets will deliver 10-12%. Everyone looks at high performing funds and says, I'd like to get 50-60% too. What they fail to realize is that's very unrealistic. So that 10% target keeps me from taking unnecessary risks.

I got to this stage by making big mistakes. I panicked in October '87 when world markets were crashing, and despite my better judgment, I sold. I actually lost money. And as everyone knows, the markets turned around after three or four months, and they've been rising ever since. I learned my lesson and ever since then I've trained myself to steel myself against the headlines.

What happens when I retire?

You can keep on saving in your RRSP until December 31 of the year you turn 71—or, as of next year, 69. (See "New Rules on Retiring Your RRSP") Trouble is, when you take the money out of your RRSP, it immediately becomes taxable. Fortunately you do not have to cash in the whole thing at once. You can transfer the funds to a Registered Retirement Income Fund or an annuity. You will receive regular amounts to live on and pay tax on that income. But it is crucial that you make those arrangements before December 31, or you could get a nasty tax surprise!

Once I put the money in my RRSP, what should I do with it?

That is what we will be talking about in the other two sections of our RRSP report, *The RRSP Investor's Guide* in our February 3th issue, and *RRSP Buyer's Guide* on February 17th. The important point to remember is that in your RRSP you have a unique opportunity to save for your retirement without being taxed on the money your investments earn. So whatever strategy and investments you pick, it's crucial that they earn the money you need in a way you feel is right for you.

PROFILE

MICHAEL CAMPBELL

host, *Money Talks* TV and radio show



I'll be making my '97 contribution in January. I can do that because about ten years ago I borrowed money to contribute at the beginning of the year and I've been doing it ever since.

I ain't that bright but I have been around awhile, so I can afford to do things people with real lives probably don't have the knowledge to do. And I'm relatively young, 45, so I change my mix of assets as the market changes. Right now it's 80% in solid growth equities and 20% in compound interest vehicles.

My bias for the last three years has been natural resource-based mutual funds. I've taken money out of fixed income investments and put it into these funds. I also have two strip bonds, because I think compounding interest inside an RRSP is really good. I'm not going to trade those at all. I also have gold stocks, which I bought earlier in the 90s because of increased productivity by the company. If the price of gold rises, that's just a bonus.

I've had no shortage of mistakes. My number one mistake was to speculate. I've bought McDonald's and that's a great company. If that goes down occasionally, what do you care? This is a company you want to own for the long term. But when you own Risky Dink Resources, you can't say that. When you're buying equity, you have to buy quality.

This knowledge didn't come to me in a vision. It came to me like a hammer on my head – Guess what? My RRSP is worth $3,000 less than it was last year. And I was smart enough to know that wasn't growth. The whole point to RRSPs is compound growth without tax. And the key is thinking long term.

There's a gloomy tone hovering over the subject of retirement savings this year Canadians are increasingly doubtful that they will ever benefit from the Canada Pension Plan At the same time, budget changes have reduced both the maximum amount we can contribute and the number of years we have to save, lowering the RRSP maturing deadline from age 71 to age 69

Nevertheless, president of the Investment Funds Institute of Canada Tom Hockin is convinced he can see silver linings. Ironically, his hopefulness is based on the very fact that both government and company pensions are no longer a sure thing In an environment where many Canadians must rely primarily on their private savings for retirement, says Hockin, "I believe that in the long term the trend is to equalize people who are saving through their RRSPs and people who have defined pension plans. You can't have two categories of Canadians"

One policy change that IFIC believes could give Canadians with private pension plans a better chance at a viable retirement *and* benefit the government would be to remove the 20 per cent limit on foreign content in RRSPs "If you can invest in 97 per cent of the world's markets, instead of being boxed into the three per cent that is Canada, and let's say with expert management you made one per cent more than you otherwise would have, after 20 years you'd have 20 per cent more, you could pay more taxes and spend more money. So it's a plus for government and for the Canadian economy And we could have fewer people on government pensions Also, we would no longer have the expense of policing that limit."

TAX TIP

Rather than make up RRSP contributions you have missed in the past you may want to wait. If you are expecting to see your income rise in the next few years, you will get a better tax refund if you wait until a bigger income puts you in a higher tax bracket. "The tax deduction may more than make up for the deferred growth," says Howard Kabot, investment tax planning specialist for RBC Dominion Securities. That will only work, however, if your income does increase in the near future—and if the government does not change the carryforward rules.

The 20 per cent rule was originally introduced to encourage Canadians to invest more in Canadian businesses In a study commissioned by IFIC, however, financial analyst and economist Keith Ambachtsheer argues that this forceful encouragement has actually made it more expensive for Canadian companies to get financing Nor would Canadians send all their money out of the country, says Ambachtsheer When a similar policy change happened in Britain, the average amount of foreign investment eventually levelled out at about 30 per cent.

What are the chances of a successful campaign against the 20 per cent limit? Right now, says Hockin, at one time a junior finance minister in the Mulroney government, the idea is a difficult sell because of the preoccupation with repatriating the Canadian debt. "If I took this idea onto the floor of the House of Commons, the MPs wouldn't like it at all – even though we could probably repatriate our debt faster by having wealthier retired people"

In the long run, however, Hockin believes the need to help Canadians save more effectively for their retirement will win out. "In this business it takes an argument two or three years to become legitimate This argument is two years old, so it should be maturing soon."

The one area in which RRSP holders have an advantage over those relying on other types of pensions is that you can take money out of an RRSP "That is a good argument," says Hockin So in the search for equity, the government may eventually change the rules so that either an entire RRSP or a portion of it is locked in But don't worry if your current plans include withdrawing money from your RRSP Any new rules would almost certainly include a grandfather clause so that money already in your RRSP would not be locked in ■

Written by Diane Forrest, a freelance Toronto journalist.

ARTICLE



KEVIN WOLFE
Chief operating officer
Bissett & Associates

Like many Canadians I get a year-end bonus from my company. Rather than being spent on a trip or some other treat, it goes into our RRSPs at the beginning of the next year. Since my wife stays home with the children, we split our RRSPs between a spousal and a regular plan By keeping them at about the same value, we hope we can withdraw the money in the most tax-effective way when we are retired.

My asset mix is the key determinant in how I invest each year's RRSP contribution. I'm heavily weighted in equities – about 90% – because of my age (35) In fact, I'll probably put all of my contribution in core Canadian equity funds this year.

We do have a small cap fund that is done very, very well but I do not plan to move additional money into it right now because of lessons I learned in the past. When mutual funds really got going in the late '80s, like everyone else I was focussed on the past year's return. So even though I might have bought a good fund, I was not concentrating on my long term needs

Now I think 15 years ahead. I am not worried about what's going to happen over the next 3 to 6 months or about a possible correction. For my RRSP it's the long-term returns that matter, not short-term changes.

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Pacific trade and tear gas

Canadian leaders push for more commerce with Asia

If omens mean anything, the members of Prime Minister Jean Chrétien's new version of Team Canada may have some cause for concern. For the 500 assorted politicians, business executives and educators in the trade delegation did not choose an auspicious moment to launch their latest effort at selling Canada's goods and services abroad. Embarking on a three-country, 14-day trip to East Asia late last week, they landed in Seoul just as the South Korean capital was convulsed by riots over tough new labor legislation. Not long after arriving at a military airport south of Seoul, members of the mission herded onboard a fleet of trucks sporting red maple leaves and whisked into the city along a route lined solidly with helmeted police wielding plastic shields. Blocks away, other police hurled tear gas into a mob of 3,000 Korean workers, who responded with a barrage of metal pipes and paving stones ripped from the streets. "A local concern," was the only remark that a discomfited Chrétien could offer when asked for comment.

The Prime Minister's reply may have been diplomatic, but there were plenty of good reasons why he clearly wanted to avoid irritating his hosts as he set out last week on a tour that will take him and his mission from South Korea to the Philippines and Thailand over the course of two weeks. Of immediate concern was the fate of 73 new business deals, worth more than $600 million, that were signed during the mission's first full day. Beyond simply generating new trade with Korea, however, Chrétien hopes to utilize the current Team Canada trip—the third to Asia in as many years—to kick off a yearlong round of activities designed not only to sell more Canadian products to Asia but also to persuade more Canadian companies to look towards the booming markets of the Far East. "Canada has been a country oriented to the Atlantic for the past 130 years," he said on the eve of the mission's departure from Vancouver. "Now, Canadians have to realize that the Pacific is where the future lies."

To that end, Chrétien's government has assembled the largest Team Canada mission yet—the biggest trade delegation, in fact, in Canadian history. It includes all of the premiers except Patrick Binns of Prince Edward Island, as well as both territorial leaders and more than 450 business executives, municipal government representatives, and university and college principals and presidents. For the first time, Quebec is represented. Premier Lucien Bouchard agreed to join the tour, unlike his predecessor, Jacques Parizeau, who boycotted the two previous Team Canada trips—to China in 1994 and to India, Pakistan, Malaysia and Indonesia last year.

Bouchard's presence was expected to prove a mixed blessing, introducing the always discordant national unity note into what in the past have been remarkably harmonious endeavors. The premier is being shadowed by a full contingent of Quebec media eager, as always, to record the slightest nuance of change in his position on the province's relationship with the rest of the country. Predictably, it did not take long for the issue to surface. As Chrétien and the premiers gathered to witness the signing of the new business agreements, Bouchard was pestered for his reaction. "I will resist the temptation to say it's a sign a partnership is possible," he responded, adding that he would prefer "not to raise this question here." Both Chrétien and several of the premiers similarly attempted to dodge the issue. "We're here to celebrate the Team Canada approach," said Chretien, "and to come with business people and sell Canada and make new partnerships."

On that particular score, the first day of the trip had to be counted as at least a modest success. Of the 73 deals signed, 33 involved $225 million in firm commercial contracts, but the rest, bearing an official value of $378 million, were more nebulous agreements in principal, memorandums of understanding and letters of intent. The agreements are as varied as they are numerous. They range from a



PHOTOGRAPHER BY TOM HANSON/CANAPRESS



Chrétien inspects honor guard in Seoul; toasting Canada-South Korea agreements with host President Kim Young Sam (right): omens

$216,000 contract between Kornova Trading Inc. of Halifax and Won Kwang Fisheries Ltd. of Seoul for the supply of wooden residential construction materials, up to what could amount to a $500-million joint venture between British Columbia's TRL Microwave Technology Inc. and South Korean partners Soosan Group and Sokchun for the creation of a wireless communications company. The port of Vancouver signed a container delivery contract with Hanjin Shipping of Seoul, a $50-million deal that followed a similar contract signed with South Korea's Hyundai Merchant Marine that went into effect last November. Montreal's ERA Clothing Inc. installed an agreement with the Sam Gi Textile Co. Ltd. under which the Seoul-based firm will become the exclusive distributor in Korea of ERA's Hollywood jeans.

Among the most lucrative and at the same time most controversial deals are two involving the problem-plagued CANDU heavy-water nuclear reactors. Canatom Inc. of Toronto, which provides project and construction management and services for CANDU reactors, signed a memorandum of agreement with the Korea Power Engineering Company to work together internationally in the provision of engineering and other services for future CANDU projects. The two companies have co-operated in the past installing Korea's existing CANDU reactor at Wolsong.

Similarly, Canada's premier nuclear energy company—Atomic Energy of Canada Ltd. of Mississauga, Ont.—signed what was described as a "substantial" contract for an undisclosed sum with longtime Korean partner Hanjung for the supply of nuclear equipment to China. That deal is clearly an offshoot of the 1994 Team Canada trip, when the Canadians contracted to sell China two CANDU reactors for $3.2 billion. And the fact that the CANDU deal with China is still being worked out in detail close to three years after the initial signing is cited by Ottawa as an example of the need to view all of the Team Canada efforts as long-term projects. "It's taken almost three years since the Prime Minister first went to China to bring that deal close to fruition," said Charles Larabie, a trade spokesman in Ottawa. "It's important to remember that about all of the deals and understandings that have been reached."

In Korea last week, that mission experienced firsthand some of the major structural problems that can afflict the vigorous economies of the Far East, where annual seven-per-cent growth rates have been the norm for the past several years. Approved for membership in the Paris-based Organization for Economic Co-operation and Development last October, South Korea now has staked its future on shared market reforms with the world's top economies. The step is a big one for one of Asia's celebrated Young Tiger economies, but it is proving a painful graduation. deregulation means South Korea's traditionally protected markets could now face unemployment levels on a par with Western economies. For a country with an unemployment rate below three per cent, the prospect is daunting. It is the primary reason why Korean workers were in the streets last week, protesting draconian new labor laws that mirror similar legislation in the West. For the Team Canada members who caught a glimpse of that unrest, it was a sobering reminder that there are not merely possibilities in the booming markets of Asia, but problems as well.

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A plastic revolution

Canadian shoppers put the 'smart card' on trial

As Drew Pullman lined up with Christmas shoppers at Mrs B's Gift House in downtown Guelph, Ont., he had to wait as customers fumbled for cash or signed off credit-card slips. When he finally reached the till, Peter Amy, the owner of the small shop, was relieved when Pullman pulled out a shiny cash card, a so-called smart card that its sponsoring banks say will revolutionize how people pay for things—from a child's weekly allowance to a new suit. With the smart card, now being tested in selected markets, consumers will use specially equipped telephones to transfer money from their bank accounts to the cash cards. When paying, the card is slid into small countertop terminals and the money is instantly deducted. Parents may even move funds from their own cards to their children's for use in school vending machines or to board a bus. The major banks, which are introducing the cards in Guelph and Kingston, Ont., also hope the cards will advance the use of computerized banking. In the meantime, Pullman is enjoying his cyber-cash. "I love it," he said as he used a cash card again last week at Mrs B's. "It's so convenient."



Pullman paying Amy by smart card: cashless banking

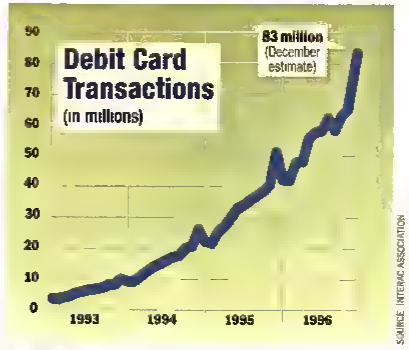
Using computer chip technology, the new instruments resemble ordinary credit cards or the debit cards that draw money from a bank account like a cheque. But that is where the similarity ends. They are actually microcomputers with a memory that allows them to store and retrieve information on purchases and even store data such as frequent flyer miles awarded for the purchase of airline tickets. The new plastic is a key part of the banks' aggressive move into electronic commerce. The country's major financial institutions, most recently the Bank of Montreal through its mbanx program, have introduced Internet banking. Cash cards take cyber-commerce one step further by giving customers instant access to their money and allowing them to pay for products over the Internet. And if Canadians use cash cards as enthusiastically as they have used credit and debit cards, paper money will become almost obsolete, bankers contend, and banks will be a place where people go for investment advice, and not to get cash. "Canadians are taking to new technology," said Donald Gregg, general manager of Stored Value Cards for the CIBC. "Smart cards are taking off like wildfire."

Unlike debit cards, which were introduced in 1992 and are now widely used in Canada, cash cards do not require consumers to enter personal identification numbers. Instead, once the money is downloaded, the card becomes the equivalent of cash. To use it, a consumer merely slides it into a slot in a small unit and the virtual cash moves from the card to the retailer's merchant card in a chip-to-chip transfer.

When placed in a tracker, a thin piece of equipment carried in a wallet and not much bigger than the card itself, the card becomes a computer. Balances can be called up and previous purchases reviewed. In future, even different currencies can be added. For security, the tracker can also lock the card so that it cannot be used without entering a specific code. A second device about the size of a hand-held calculator transfers cash between cards.

The banks plan to start distributing the cards nationally in 1998. Eventually, Gregg said, medical records or a driver's licence could be carried on one card and a person's financial records, from cash in a bank account to mutual fund records, would be stored on another. They could then be downloaded to computers. "The cards will be incredibly powerful," said Gregg. "People will carry them the way they now carry laptop computers."

Before that, merchants in Kingston and Guelph look to the cards to simplify their operations. Among them is James Brown, owner of Brown's Fine Foods in Kingston. His company now supplies vending machines to 12 schools in the city. At the end of each school day, Brown's employees empty the machines and count hundreds of coins. As part of the smart card's introduction in Kingston, the Bank of Montreal, Toronto-Dominion Bank and Canada Trust are encouraging students to use the new device in vending machines. If they do, Brown will be able simply to download the electronic transfers to his bank and have an immediate record of the day's receipts. Said Brown: "We hope to quit lugging cash all over town."



So far, cyber-cash has met with acceptance in Guelph, where the cards are being introduced by the CIBC and the Royal Bank of Canada. But some consumers fear the banks will use the cards as an excuse to levy more service fees. Said Michelle Carter, a saleswoman at a Japan Camera store: "A lot of my friends think the banks will just use them to make more money off of them."

Bank spokesmen, however, claim cash cards could actually save money for consumers who now use debit cards. Under the current fee system, most banks charge about 40 cents every time a customer uses a debit card. But with smart cards, clients are charged the same rate to download money onto their plastic as they are each time they withdraw cash from a bank machine. In subsequent transactions, the card is used only between retailers and their customers or in person-to-person transactions, and, unlike debit cards, the present programs involve no bank fees.

The new cards could cut costs for the banks. Tom Delaney, president of Toronto-based Tom Delaney Financial Group and a spokesman for the Consumers' Association of Canada, said that banks want to cut the number of branches they operate and electronic banking will help them do so. "They are determined to get rid of branch banking," said Delaney. "That is their number 1 priority." And the new smart cards are their latest weapon.

TOM FENNELL



Maclean's Internet DIRECTORY

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Deirdre McMurdy



The Bottom Line

The challenge abroad

It's that time again As the swallows return to Capistrano every spring, so Team Canada flocks to Asia each January to feather Canada's nest with export contracts and letters of intent.

For several weeks prior to the departure of the trade mission to South Korea, the Philippines and Thailand, Canadians have been force-fed factoids We've been instructed that exports mean jobs To be precise, every $1 billion in new export sales represents about 11,000 Canadian jobs There are about $2 billion worth of new contracts to be signed by about 500 business people and politicians on the mission, which left Canada for two weeks on Jan 8.

This trip is an especially critical one for the federal government because there is an election looming this year and unemployment remains stubbornly high This is one chance for Ottawa to look as though it's addressing the urgent problem of joblessness—without spending much money.

It's also an ideal opportunity to parade the merits of the new, minimalist central government. On these laissez-faire trade missions, the Prime Minister is acting as a facilitator, an agent using his clout to help deal makers do their thing It means that Ottawa is no longer relying to the same extent on the traditional costly loan and subsidy programs to push companies into world markets

There's no question that Canada's economic well-being has historically been driven by exports. Neither is there much argument about the virtue of diversifying the country's trade partners and relying a little less on the frequently disputatious United States.

But there are some other fundamental questions relating to government-sanctioned trade trips. First, is the apparently automatic equation of exports and long-term growth In fact, the capitalist faith in ever-expanding trade is based on certain assumptions that may be starting to wear thin.

Currently, corporations are competing fiercely with one another for global market share But to improve productivity and become more competitive, they are laying off hundreds of thousands of people in developed industrial countries That ultimately curtails consumer demand

At the same time, these companies retain their competitive edge only if they keep wages down in the emerging economies to which they transfer production. That doesn't do much to generate demand either As a corollary to that, even if demand does grow along the predicted lines, will the companies hollowed out by downsizing be strong and swift enough to grab their piece of the pie?

A second question relates to the relative roles of the public and private sectors on the foreign front. As big government outsources and delegates a growing list of responsibilities, the balance of power has shifted dramatically into private hands That means that businesses are now on the front lines of foreign and trade policy to an unprecedented degree And it remains to be seen how well companies—especially smaller ones—contend with that challenge

> Will companies hollowed out by downsizing be strong and swift enough to grab a piece of the pie?

It's one thing for government to lead the charge, to push export trade, direct foreign investment and technology transfer to less-developed countries. But what about effective backup protection? Small companies like Bre-X Minerals are left to the whim of interventionist regimes like the Suharto government in Indonesia Larger companies like Sherritt Inc are hammered by shifts in U S policy that, for example, suddenly seek to ban Cuban trade with other countries. Investor confidence is rattled and investment—and growth—is curbed

It also means that business leaders have to stretch far beyond their areas of conventional expertise creating shareholder value and improving asset performance They have to grapple with an array of policy issues on their own, learning to distinguish between short term reversals and long-term trends in foreign affairs. They also have to contend with an exotic array of ethical and environmental issues The road to sustained prosperity for countries like Canada may lead in many directions. But that doesn't mean the path is a clear one. With or without government prodding

Business NOTES

BANKERS UNDER FIRE

A Quebec judge ordered the Royal Bank of Canada and the National Bank of Canada to put to a vote a shareholders' plan to cap executive incomes. Yves Michaud, who owns stock in both companies, wants executive pay capped at 20 times the average salary of bank staff Both banks fought Michaud's request.

VW SETTLES SPY DISPUTE

German auto giant Volkswagen A.G. agreed to pay General Motors Corp $135 million to settle a lawsuit that accused a former VW executive of stealing GM trade secrets. VW also agreed to buy at least $1 billion worth of GM auto parts over seven years VW said it "acknowledges the possibility" that José Ignacio López, who left GM's top ranks for Volkswagen in 1993, may have engaged in illegal activities, but admitted no wrongdoing on its part.

GREEN LIGHT FOR GOLD?

The Indonesian government suggested it is about to give Barrick Gold Corp of Toronto and Calgary's Bre-X Minerals Ltd. the go-ahead to mine the huge Busang gold deposit A mines ministry official said it will soon inform the two companies that it is willing to accept their proposed ownership agreement—67 5 per cent to Barrick, 22 5 per cent to Bre-X, 10 per cent to the Indonesian government.

CHRYSLER ISSUES RECALL

Faulty steering wheels forced Chrysler Corp. to recall 620,000 minivans and cars, including 68,000 in Canada. Owners of 1991 or 1992 model Dodge or Plymouth minivans, as well as Dodge Shadow or Plymouth Sundance cars with four-cylinder engines, will receive letters inviting them to have the problem fixed at Chrysler's expense. Engine vibration can cause the steering wheels to come loose over time.

WIC BREAKUP THWARTED

WIC Western International Communications Ltd. defeated a bid to break up the Vancouver broadcasting company A Wall Street brokerage spearheaded the drive, arguing that WIC's two-tiered share structure is unfair to shareholders Class B shareholders, who may vote only on dissolution motions, voted 45 per cent in favor of a breakup Ninety-nine per cent of class A voters opposed the move.

A successful undertaking

Loewen Group Inc has a new lease on life. After four months of fighting, the funeral-services giant, based in Burnaby, B.C., successfully shook off a hostile takeover bid by its archrival, Service Corp. International of Houston. "The actions that have been taken by the company have in effect diminished the value that we're willing to pay for Loewen," explained a frustrated William Heiligbrodt, president of SCI, the world's largest operator of funeral homes and cemeteries



Loewen: all-out campaign

SCI planned to pay $4.4 billion for Loewen, but never made a formal offer. The Houston company's chairman and CEO, Robert Waltrip, said SCI was scared away by the high debt Loewen ran up in a recent spate of acquisitions, as well as the "lucrative" golden parachutes the company offered to more than 100 employees in the event of a takeover SCI was also worried about how many funeral homes it would have to sell off in order to ease concerns by competition watchdogs that the merger would give the huge company a monopoly in some areas.

Ray Loewen, chairman of the second-largest funeral-home empire, waged an all-out campaign to alert U.S. federal and state regulators to the dangers of the deal Some analysts said the effort could backfire by making it more difficult for Loewen to acquire funeral homes in the United States SCI now plans to concentrate its expansion efforts on Europe, where the funeral-home market is more fragmented

SCI currently owns 2,364 funeral homes and 335 cemeteries Loewen controls 956 funeral homes and 313 cemetenes.

Regional turbulence

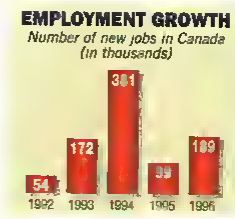
A strike by 900 pilots hit Air Canada's four regional airlines But management at Air Ontario, Air Nova, AirBC and Air Alliance vowed to keep 70 per cent of their flights running by chartering aircraft from other airlines On the first day of the strike on Jan 10, however, Air Ontario ended up cancelling six out of nine flights from Toronto's Pearson International Airport alone The pilots want the regional carriers' seniority lists merged with Air Canada's to improve their chances of obtaining higher-paying jobs with the parent company Air Ontario's 145 flight attendants are already on strike over wages and working conditions The Ontario carrier, based in London, hired 85 substitute flight attendants, but the four regional carriers say they will not resort to replacement pilots.

FINANCIAL OUTLOOK

Canada's unemployment rate fell to 9.7 per cent in December from 10 per cent in November. Overall, the number of jobs across the country grew by 189,000 in 1996, double the pace in 1995. Most private sector economists expect that the jobless rate will continue to decline through 1997 as a result of lower interest rates, tax cuts in several provinces and anticipated increases in consumer spending

The growing bullishness about Canada in foreign markets helped to push the dollar up 1 6 per cent to close the week above 74 cents (U.S.) for the first time in a month A higher dollar makes exports more expensive but reduces the prospect of an interest-rate hike in the near future.

EMPLOYMENT GROWTH
Number of new jobs in Canada (in thousands)



'One disturbing feature was the dramatic regional discrepancy [in employment growth] Quebec and all eastern provinces posted job declines last year, while Ontario and all western provinces posted gains "
—Canada Trust

"So where will the jobs be in 1997? Almost everywhere "
—Nesbitt Burns

"The Canadian dollar is our favorite currency of 1997."
—BZW Securities Ltd.



Peter C. Newman

If Brian Mulroney is innocent, let's say so

In an age when O. J. Simpson remains a regular on Los Angeles golf courses, Dorothy Joudrie is back hosting Calgary house parties, and Alan Eagleson appears on the CBC's *Royal Canadian Air Farce* to joke about his legal setbacks the quality of justice is obviously strained.

But at least that celebrated trio enjoyed the advantage of facing the accusations against them armed with that most basic tenet of justice in civilized society: the presumption of innocence.

That's not the case, it turns out, for Brian Mulroney. Last week, the minister of justice and the commissioner of the RCMP dug themselves deeper into the legal quicksand that has from the start characterized the bribery allegations surrounding the 1988 purchase of 34 Airbus jets by Air Canada. What these two befuddled worthies decided was that while they were sorry there had been lies in the letter sent to the Swiss government, in which the former prime minister was portrayed as being guilty of "criminal activity" in attempting to "defraud" his own government—they were in no way absolving the ex-prime minister from suspicion of having committed such crimes.

That's about as close to subverting the justice system as the Canadian government has ever come. It means that any one of us can be condemned without the Crown having to prove its case. Under existing Canadian law (Section 487 of the Criminal Code), police and Crown prosecutors must establish "reasonable grounds" for issuing a warrant that allows police to search for evidence. That fundamental safeguard was ignored in Ottawa's proceedings against Mulroney.

It's obvious from last week's fiasco that Ottawa's motive in pursuing this curious case had less to do with the facts of the case than with its politics. Tearing apart Mulroney's record in office is fair ball, denying him justice is not.

> Not being a Liberal is yet to be a crime—though the Chrétien government seems to be working on it

Not being a Liberal has yet to be declared a crime in Canada—though the Chrétien government seems to be working on it.

Another perverse aspect of this whole mess is that even though Ottawa has now accepted the responsibility of having fumbled badly in its handling of the case, no one will accept any blame, or even admit a smidgen of accountability for what happened. The RCMP had no qualms about dragging Mulroney's name through the mud, but it is now shielding its own operative who reportedly confirmed to reporters that Mulroney was named in the Swiss letter. The rogue Mountie's disciplinary breach will be reviewed by an internal panel.

It gets worse. According to Roger Tasse, a former deputy minister of justice and now one of Mulroney's defence lawyers, the RCMP offered to withdraw the offending letter if Mulroney opened his bank accounts for RCMP perusal. If true, that smacks of blackmail. Mulroney's people have also revealed that never in the course of its investigation did the RCMP contact the former prime minister or ask to hear his version of events.

In the 18 months that the Mounties investigated the situation, it surely would have been relevant to at least listen to an alternate version of events that led the force to the assumed "guilty" verdict in its Swiss memorandum—sent before it seriously started its investigations. Under Canada's system of justice, an accused has the inalienable right to confront his or her accusers and answer their evidence. That was denied Mulroney.

This is a deadly serious issue. The Royal Canadian Mounted Police has made mistakes in the past and, obviously, is incapable of guarding a building, even if it happens to contain a sleeping prime minister. But the force has throughout most of Canadian history earned a name for acting fairly in its pursuit of criminals. The Mulroney case will not destroy that hard-won reputation. Still, it will tarnish its colors at a time when the credibility of all our institutions is under siege. The RCMP is too essential in the Canadian pattern of justice to allow itself these kinds of lapses.

One of the essential pieces of intelligence lost in the turmoil of this goofy case is the public statements of Pierre Jeanniot, currently director general of the International Air Transport Association, who was president and CEO of Air Canada from 1984 to 1990, when the decision to buy the $1.8-billion Airbus fleet was made. He has outlined in great detail how Canada's national airline chose the European planes, squarely on the basis of its own technical committees' recommendations, yet the RCMP has never bothered to interview him. He has also said that no lobbyist tried to improperly influence the deal.

In retrospect, the Mounties must have realized early on that they didn't have adequate evidence to pursue this case. Last May, they requested an eight-month extension of the trial date, presumably hoping to gather facts to justify the criminal indictment they had couriered to Switzerland. The courts denied the request. Now, the RCMP need not bother. Last week's settlement got them off the hook.

Mulroney ought to be granted the same privilege. Why don't his accusers confess that during the past year and a half of relentless investigation, including the hard-won access they gained to Swiss bank accounts, they have not been able to justify their hunt. If that's the case, Justice Minister Allan Rock and RCMP Commissioner Philip Murray ought to call another news conference and admit that they were wrong, not only about the tone of the Swiss letter, but about the investigation.

The only way to reduce the damage inflicted by the persecution of Brian Mulroney is to end it.

People

Edited by BARBARA WICKENS

A funnyman makes a *Mother* of a movie

Hollywood has made plenty of buddy movies, and even lots of mother-daughter flicks. But comic actor-writer-director **Albert Brooks** claims that there has not been a realistic movie about the mother-son relationship—a situation he set out to rectify in his new movie, *Mother*. Brooks, 49, portrays science fiction novelist John Henderson, who decides the best way to fix both his writer's block and his terrible luck with women is to return to the source of his problems—and move back in with his mother. For the part of the slightly dotty matriarch, Beatrice, Brooks says he was thrilled when **Debbie Reynolds**, 64, agreed to take the part. In fact, Reynolds's performance, her first starring movie role in 26 years, has critics calling for an Oscar. As for his own mother, **Thelma Bernstein**, 84, Brooks says she has seen and enjoyed the movie. "She said, 'You know, there are actually one or two things from us in there.'"



Reynolds, Brooks: mother and son

ELLEN MARKS



Caroline, Stephanie: Caroline's daughter Stephanie eclipsed

ERIC GAILLARD/REUTER

Monaco's 700th birthday bash

When it comes to royal families, the one in Britain does not have a monopoly on scandal. In Monaco, that sunny slice of prime real estate carved from southeastern France on the Mediterranean, **Prince Rainier III**, 73, has also had his share of woes, thanks to his much-married daughters, **Caroline** and **Stephanie**, and his never-married son, **Albert**. The family has seemed especially rudderless since **Princess Grace**—the former American actor **Grace Kelly**, whom Rainier wed in 1956—was killed in 1982 when her car went over a cliff. Stephanie, now 31 and divorced, was plagued for years by rumors that she was somehow responsible for the accident. But even without that, she has been steady fodder for the world's tabloids as she lurched from career to career—singer, swimsuit designer, model—and from beau to beau. Caroline, now single at age 39, has been divorced once and widowed once. (She has appeared completely bald lately, a condition suspected to be the result of alopecia.) Meanwhile, Albert, 38, has been linked romantically to everyone from model **Claudia Schiffer** to actor **Brooke Shields**. But he has never married, something his father reportedly wants him to do before he takes over. Last week, however, all scandal was eclipsed as the family celebrated Monaco's 700th birthday. And Albert, who is organizing the 10-month-long, $270-million bash, dropped some tantalizing hints sure to please his father. He told French television covering the festivities that he had no plans to marry, but added, "You'll know soon enough."

Cashing out of Kashtin

The band **Kashtin** has enjoyed unlikely success. Singing in the native language of Innu, a tongue spoken by only 12,000 people, the folk-rock duo of **Claude McKenzie** and **Florent Vollant** has sold 400,000 records since they released their first album in 1989. Now, McKenzie, 29, who grew up on the Maliotenam reserve in northern Quebec, has released his first solo CD, *Innu Town*, a more rock-oriented recording on which he sings in Innu, French and English. But unlike many artists who go solo, McKenzie has no beef with his former partner. After 15 years, he says, Vollant is still his closest friend. "Florent has a wife and four kids, so he needed time off from the road," McKenzie explains. "I'm single, with no kids—more free." And harboring no desire to take a break from music, "Music is my life," he adds, "my medicine."



PETER BREGG/MACLEAN'S

McKenzie: 'music is my life'

Mosley on Easy street

Being a best-selling author can be glamorous, what with lunching with agents at top restaurants and signing books for adoring fans. "But some of it is work, hard work," says **Walter Mosley**, who should know. The New York City-based mystery writer, 45, has recently released *A Little Yellow Dog*, the fifth book in the popular series featuring reluctant detective Easy Rawlins (portrayed by **Denzel Washington** in the 1995 movie based on Mosley's first book, *Devil in a Blue Dress*). Mosley has also just completed his next novel, this one revolving around a new character named Socrates Fortlow, a tough yet philosophical ex-convict. Getting such books on to best-sellers lists, however, is a process, Mosley says, that stretches from character creation and plot development, through dealings with editors and publicists, to gruelling promotional tours. "Don't get me wrong," he adds. "I love the act of writing. I just mean that it takes a great deal of energy, focus and dedication. In a lot of ways, writing is like sex. But would you call sex hard work?"

Darkening the hockey dream

The Calgary Communities Against Sexual Abuse crisis and counselling agency does not usually have anything to do with hockey. The majority of its clients are sexually abused women and female adolescents. But ever since Jan. 2, when Western Hockey League coach Graham James was convicted of sexual assault and sent to a federal penitentiary for 3½ years, there has been a surge in calls to the agency's 24-hour crisis line from sexual-abuse survivors—males in particular. CCASA executive director Danielle Aubry says the centre, which normally gets one man phoning every two or three days, received about 15 calls from men in the week following the James conviction. And most of them came after Sheldon Kennedy, one of James's victims and now a Boston Bruins winger, went public with his harrowing tale of abuse. Aubry said the player's decision to speak out may convince other male victims to seek help. "As a hockey player in Canada," she said, "I think he has tremendous potential to be very influential for all kids, but more so for boys."

The James case cut to the very heart of a Canadian institution and challenged basic assumptions about coaches, kids and the hell-bent pursuit of the hockey dream. Fans well know that major junior hockey, the game's last rung before teens turn professional, is a high-pressure, rough-and-tumble world where young men ride the buses that they hope will one day take them to the NHL. But James's conviction cast Canada's player development system in a shocking new light and set off a wave of soul-searching throughout amateur sport. Kennedy's courage was the silver lining. "It is a big thing for me," said the married father of one, "to heighten awareness and let people know it is all right' to speak out.

Last week, even as other players came forward with new allegations of sexual improprieties in junior hockey, some observers were not surprised. University of Winnipeg sociology professor Sandra Kirby, who co-authored a 1996 study of sexual harassment and abuse of athletes, said that nearly nine per cent of current and retired national team members who responded to her poll reported a forced sexual assault by a coach or other team authority figure. One in five of those assaults was on an athlete who was under 16, and most went unreported. "The athletes almost unanimously said they did not know who to turn to," she said. "Most sports agencies have policies in place, but athletes aren't using them."

The James conviction was stunning enough. The 43-year-old native of Summerside, P.E.I., admitted to assaulting Kennedy 300 times starting in 1984, and the other victim, whose identity was protected by a court-ordered publication ban, more than 50 times ending in 1994. But if anything, the bad news got worse last week. Although Calgary police said the investigation was closed, some reports claimed James abused other players as well—including one who is a current NHL star—during the coach's stints with WHL teams in Moose Jaw and Swift Current, Sask., between 1984 and 1994. And it emerged that team officials in both places were suspicious of his close relationships with some players and that the Moose Jaw Warriors had fired him as a result. However, WHL president Dev Dley said that no one made a formal complaint so the league did not investigate.



Kennedy and family: raising awareness

MIKE DREW/CALGARY HERALD



James coaching the Swift Current team in 1990; more than 350 assaults

A sex-abuse case ripples across the sports world

Canadian Hockey League commissioner Dave Branch, who presides over the country's three top junior leagues, said the James case shows the need for victims to press charges. "If there has been sexual abuse in hockey," he said, "then we should get it out in the open where we can deal with it." Increasingly, that is exactly what is happening. In the south-central B.C. town of Grand Forks, the general manager of the local Junior B hockey team was charged with three counts of sexual assault on two young men. Donald Middleborough, who was a scout for Swift Current when James was the coach there, is scheduled to enter a plea in court on Jan. 30.

Meanwhile, several former WHL players charged that longtime Portland Winter Hawks owner Brian Shaw, who died of AIDS-related cancer in 1993, repeatedly propositioned players during his long career coaching and managing junior teams. Shaw, who also coached the Edmonton Oilers of the now-defunct World Hockey Association, allegedly lured the boys with gifts, trips to Las Vegas and promises to help their careers. Two league executives said they had concerns about Shaw at the time and told then-commissioner Ed Chynoweth, but that nothing was done. Chynoweth, now general manager of the WHL's Edmonton Ice, denied hearing anything more than rumors. "If I had proof [Shaw] molested a player," Chynoweth said, "I certainly like to think I would have stepped in and gotten more information."

Researchers and psychologists, however, say that victims are reluctant to come forward. The offenders are usually in a position of power over the athletes, and the victims, especially boys in the macho environment of sports, feel ashamed for not being able to take care of themselves. And Judy Goss, a Toronto-based sports psychologist who works with the Canadian Olympic Association, says athletes who do press charges almost always report the abuse long after it occurred. "The predators have incredible power over the athletes," she said.

Virtually every amateur sport in the country felt the impact of the James conviction. "I think that any sports organization would be stupid to stick its head in the sand on this issue," said Harold Cliff, chief executive of the Canadian Swimming Association. "We all have to examine the policies we have in place and see if we can't make them better." For some parents, the James story undermines the accepted convention of families sending girls and boys away from home to pursue ever higher levels of their sports. Officials and psychologists say that while most billeted athletes are well looked after, younger kids are vulnerable. Nonetheless, Kennedy, for instance, left home to play hockey at age 14 and was quickly befriended by James. And 14, many say, is simply too young. "In hockey, they get shuffled around and traded," says Goss. "It makes it difficult to make friends at school, which in turn makes the coach so much more important in their lives."

Beset by troubling revelations, the WHL announced it would require police checks on all coaches and team officials, and that it would set up an 800 telephone number for victims to confidentially report abuses. Branch said the CHL will enact national guidelines for harassment and abuse, possibly as soon as next fall. But some hockey officials maintained that screening would not keep out predators like James who had no police record—and that, for some leagues, such measures are not an option. "What police department has the time to review the backgrounds of 3,500 coaches?" asked John Gardner, president of the mammoth Metropolitan Toronto Hockey League. "And that doesn't include our house leagues."

Though incarcerated last week in the Edmonton Institution for psychiatric evaluation prior to being sent to a federal penitentiary, a seemingly unrepentant James telephoned media outlets to defend himself. He claimed his life in prison had been endangered when blustering hockey analyst Don Cherry launched an expletive-laden tirade against him on *Hockey Night in Canada*. James then went on to say he felt "betrayed" when Kennedy reported him to the police. "He doesn't get it," said Kennedy. "He just doesn't get it."

Kennedy, meanwhile, returned to the business of hockey last week. He scored one goal and set up the winner in the Bruins' 5-4 triumph over the Montreal Canadiens on Jan. 9. But in a wider arena, his willingness to reveal the pain of prolonged abuse may have won a far greater victory. "It's a horrible story, but I think it's all for the best," said University of British Columbia sports psychologist Susan Butt. "It was a very courageous thing for him to do, and maybe people will finally face up to the fact that this stuff happens in sport."

JAMES DEACON *with* **MARY NEMETH** *in Calgary*

Unnatural selection



BRIAN MCINNIS

Gorrill with New Leaf crop. 'as far as my view goes, the concerns have been answered'

Are genetically altered foods really safe?

With its fictional reconstruction of dinosaurs from prehistoric bits of DNA, the thrilling 1990 best-seller *Jurassic Park* and the spinoff blockbuster movie popularized the notion of genetic engineering. Neither the book nor the film, however, did much to increase public understanding of a complex and controversial subject. By contrast, the humble New Leaf potato, a creation of Monsanto Co. of St. Louis lacks the star appeal of a Tyrannosaurus rex. But as one of 19 genetically engineered products now approved for sale by Health Canada, it is helping to focus the debate over the new foods emerging, not from nature, but from laboratories. Critics accuse the genetic engineers of playing God with a reckless disregard for potential consequences. "We are creating species which do not exist in nature," says Tzeporah Berman of Greenpeace International. "And no one can say they know the long-term ecological effects of this."

Typically, genetic modification involves the alteration of a species' genetic structure, including the process generally known as genetic engineering: the insertion of genetic material from one species into another. Through those processes, biotechnologists are creating new plants with unique properties. For the New Leaf, Monsanto's specialists added a single gene from a common soil bacterium to a Russet Burbank potato to create a variety with an attractive property—it produces its own pesticide. To Richard Gorrill of O'Leary, P.E.I., one of a group of farmers who in 1995 harvested Canada's first commercial crop of genetically engineered potatoes, the New Leaf is simply "another option, another method of controlling pests." It is one of two genetically engineered varieties of potato, five of canola, four each of cotton and corn, three of tomato and one of soybean that have received Health Canada's blessing for sale. New Leaf potatoes have already been distributed to stores in Eastern Canada, in most cases with no labels to distinguish them from naturally developed products.

Advocates dismiss criticism of genetic engineering as "biotechnophobia." Manufacturers maintain that their altered plants only reach the marketplace after passing a battery of tests to ensure their safety. And their use, say the advocates, is justified by the advantages they provide—reducing the need for environment-damaging pesticides by as much as 50 per cent, for instance, or increasing crop yields in a world where the population is expected to top eight billion by 2020. According to molecular biologist Maurice Moloney of the University of Calgary, many of genetic engineering's critics make arguments that would stop all development. "What they're basically saying," adds Moloney, "is should we ever invent anything because of the risk of unpredictable consequences?"

But Berman and other opponents contend that mixing the genetic properties of unrelated species carries with it such risks as creating life-threatening allergic reactions in humans, or more resilient crop pests, weeds and bacteria. They point to the experience of Pioneer Hi-Bred International Inc. of Des Moines, Iowa, which produced a soybean containing a gene from a Brazil nut. In a report published in *The New England Journal of Medicine* last March, scientists at the University of Nebraska said the new gene, which increased the soybean's nutritional value, also caused a reaction in people allergic to Brazil nuts. Pioneer Hi-Bred, which scrapped the product before it ever reached the stores, cites the experience as an example of how its testing safeguards work.

Genetic engineering's opponents also point to a 1989 incident in which at least 37 people died and more than 1,500 became ill in the United States after consuming tryptophan, an amino acid made by the Japanese chemical company Showa Denko K.K. and sold without a prescription as a "natural tranquilizer." Showa Denko genetically engineered bacteria to produce high concentrations of tryptophan. Investigations showed that the deadly batch contained a toxin that caused an immune-system disease called EMS. Some experts concluded that the poison came from the genetic engineering process. "The same manipulations that caused the bacteria to produce more tryptophan also altered the metabolism so that the bacteria produced this powerful toxin," says molecular biologist John Fagan, a former researcher at the U.S. National Institutes of Health and current chairman of the chemistry department at Maharishi University of Management in Fairfield, Iowa. To this day, however, the U.S. Food and Drug Administration says researchers have been unable to find conclusive evidence linking genetic engineering to the fatal outbreak.

Observing the debate, geneticist Doug Powell of the University of Guelph in Ontario says the truth about genetic engineering probably lies somewhere between the positions of Greenpeace and the companies promoting the technologies. "Are there risks with agricultural biotechnology?" he asks. "Absolutely. The question is: can those risks be managed? And they can."

Genetically altered foods have been a fact of life in Canada since September, 1994, when the Belgian firm Plant Genetic Systems NV received the first federal approval for a canola variety that does not produce pollen. Having received Health Canada's green light, manufacturers are free to sell their new strains. But there is no central monitoring of which foods, if any, ultimately appear on store shelves. Although there was considerable publicity surrounding the approval of Davis, Calif.-based Calgene Inc.'s slow-ripening Flavr Savr tomato in 1995, for instance, that variety has so far not been offered for sale in Canada.

Industry representatives say they are proud of the safety testing they have in place. Bob Ingratta, Monsanto's director of government relations in Ottawa, says crops like the New Leaf potato or his company's canola variety that is resistant to Monsanto's Roundup herbicide are first grown for several generations in the laboratory. The plant's entire genetic makeup is then mapped and screened for allergens—substances known to cause allergic reactions. "We know what the canola plant should look like," Ingratta says. "We know what the nutritional elements should be, what the composition should be, what potential toxins or allergens might be in the plant, if any, and we check for those."

But critics have other concerns, including the potential for unintentionally creating infectious bacteria resistant to antibiotics. That dispute is active in Europe since the Swiss chemicals company Ciba-Geigy AG sought the European Union's permission to market a gene-modified variety of corn. Last June, several EU environment ministers expressed concern over the proposal to approve the corn, claiming that an antibiotic gene element—added to the corn in the process of genetic alteration—could undermine the effectiveness of a common antibiotic, ampicillin, used to fight infections.

The European Commission approved the grain last month, based on recommendations from three sets of EU scientists. But Greenpeace has denounced the ruling and continues an aggressive European campaign of demonstrations against the importation of an American-grown soybean designed to tolerate a herbicide. "These genetically engineered soybeans have not been tested for their long-term effect on human health or the environment," says Greenpeace's Berman. "And soybeans are in about 60 per cent of all of our processed food, from chocolate to bread to margarine."

In Canada, regulations governing genetic engineering are in a state of flux. Ottawa is reviewing current policy that does not require genetically engineered food to be labelled unless it is nutritionally different from the original or contains an allergen. The government also has until April to respond to a recommendation from the House of Commons standing committee on environment and sustainable development that it create an independent advisory commission to monitor the practice. Meanwhile, some experts express doubt that there is legislation in place to protect Canadians from a potentially damaging product. Mark Winfield, director of research at the Canadian Institute for Environmental Law and Policy, says, "It's not actually clear what the government could do to stop one of these foods from entering Canadian commerce" even if Health Canada withheld its approval.

Throughout the debate, Richard Gorrill continues to tend his 700-acre farm in western Prince Edward Island with his father, two brothers and his son. He plans to put another crop of New Leaf potatoes in the ground in the spring. "Sometimes the environmentalists have legitimate concerns," he allows, adding, "I guess as far as my view goes, those concerns have been answered." For Greenpeace and other critics of genetically altered foods, the questions are still outstanding.



TODD KOHL

Moloney: 'the risk of unpredictable consequences'

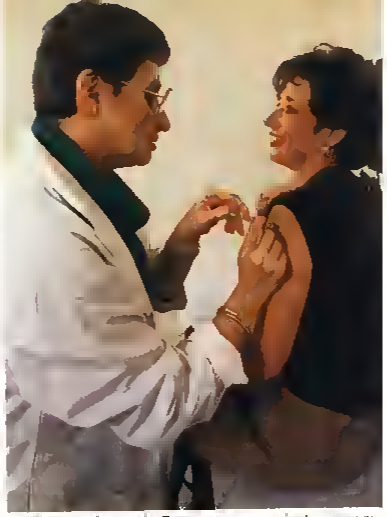
DANYLO HAWALESHKA *with* *JONATHAN HARRIS in Toronto*

'Tis the season

Winter brings a harsh dose of the flu

Talking about the flu, Dr. Ted Boadway sounds more like a battle-hardened general than a medical practitioner. The Toronto physician describes a furious struggle between billions of units of an advancing virus and an army of defenders known as antibodies. "When a virus like this invades your body, your bones ache, your muscles hurt, every cell in your body is in trouble," says Boadway, executive director of health policy for the Ontario Medical Association. "The virus is trying to capture complete control of your cellular machinery, and your body is just trying to hang on. It's a fight to the finish. It's do or die for both of you."

Over the past month, thousands of Canadians have received a fresh reminder of the sore muscles, fever, coughing, fatigue and other symptoms that the disease inflicts on the human body. A strain of influenza A known as the Wuhan flu after the city in China where it originated has swept the nation, biting with particular vengeance in southern Ontario. Health authorities say they cannot estimate with any accuracy how many people have come down with the illness. But school systems in Alberta and Ontario have reported unusually high rates of student absenteeism, largely due to the flu, and victims seeking relief swamped hospital emergency departments in many southern Ontario communities over the holiday season. Unfortunately, there is little a doctor can do. "We're useless," admits Boadway. While antibiotics are effective against bacterial infections, there are no cures for viral illnesses once they take hold. "All you can do," he says, "is wait for your immune system to kill these viruses."



Getting vaccinated in Toronto: no cure, just recovery

It is no accident that flu outbreaks start in November or December each year. Colds—which cause mainly nasal symptoms—and the flu are caused by viruses carried in bodily secretions such as tears, saliva and mucous, and are transmitted through touching. They spread more easily during the winter months when people spend most of their time indoors. Many Ontario hospitals, including Grand River in Kitchener, dealt with as much as a 30-per-cent increase over the normal load of patients in the emergency department, largely due to the flu. "We did our best to cope," said program administrator John Ruetz, "but it was not unusual for non-urgent patients to wait five hours before they were seen by a doctor."

The predictable nature of the flu allows provincial health authorities to monitor its spread each winter. "About half of our 42 municipal health units have reported outbreaks," said Dr. Monika Naus, a senior medical consultant with the Ontario ministry of health. "It's definitely worse than last year but not as bad as our big years in 1985 and 1991." In Calgary, public health officials report a similar situation. Absenteeism at about a dozen schools reached as much as 25 per cent in the two weeks before Christmas, well above the normal level of 10 per cent.

Each year, an estimated four million Canadians try to avoid the discomfort of the flu—and potentially dangerous complications—by submitting to a vaccination. The flu shot, a small dose of the various strains that are expected to be prevalent in the upcoming flu season, prompts the body to manufacture appropriate antibodies in anticipation of real invaders. Health Canada sponsored surveys have shown that the vaccines can be up to 70-per-cent effective among healthy children and young adults, but less effective among the elderly. Nevertheless, health authorities in all provinces recommend that older people, as well as others with heart, lung or immune system disorders, receive a flu shot each fall.

Vaccines are not foolproof because they are developed on the basis of predictions made by the Geneva-based World Health Organization, of which strains are likely to be prevalent. Occasionally—although not this year, so far—unanticipated new strains of the three known flu viruses make an appearance. They tend to originate in China and southeast Asia, says Boadway, where people live in close proximity with domestic ducks and geese, natural carriers of the viruses. They spread around the world quickly because of intercontinental travel. After invading the human body, a virus produces billions of copies of itself by penetrating individual human cells and taking control of the reproductive machinery. The immune system must manufacture an army of antibodies to kill the invaders one by one. While this invisible war is going on, there is not much for the flu victim to do—except take an over-the-counter medicine to manage pain and fever, drink plenty of fluids, and rest. Just as Grandma recommended.

D'ARCY JENISH



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Maclean's
WHAT MATTERS TO CANADIANS



Starowicz: 'we can't afford to be on the front lines of history eny more'

Picturing history

BY MARCI McDONALD

At 9 p.m., the interview, which began just after 2 p.m., is ostensibly winding up. Beyond the roomy command post of the CBC's fourth-floor documentary unit, the corridors are deserted. But after seven hours of waxing both lyrical and apocalyptic about the state of television, executive producer Mark Starowicz pulls on his rumpled trench coat with reluctance. "I'm going across the street for a hamburger," he says. "We could continue the conversation there." That invitation promptly turns into another three-hour monologue. But then, for more than a quarter of a century, Starowicz, the onetime wunderkind of the airwaves, has been pushing the limits of the possible—and managing to lure Canadians of all stripes to tune in.

On every wall, his office is festooned with testimonials to that feat. Over the sofa, Barbara Frum's face stares out from a 1975 poster for *As It Happens*, where he turned a handful of studio phone lines into a feisty nightly gabfest with far-off officials or any passer-by who picked up the receiver in a phone booth near a Soweto riot. By the door, another ad trumpets the 1976 launch of *Sunday Morning*, his second line of attack in what became known as the CBC Radio revolution. And above both soars the silver logo from *The Journal*, his $11-million technical crapshoot that retailored the country's prime-time viewing habits in 1982 to become a national public affairs institution.

But 10 years later, when *The Journal* was peremptorily axed, Starowicz's own stellar rise in the CBC screeched to an ignominious halt. Now, when the last pillars of his broadcasting legacy are under budgetary assault, the former enfant terrible is back in the spotlight with another act of bravado. At 50, after four years of fostering a new crop of Canadian documentaries for his weekly *Witness* showcase—Starowicz has produced *Dawn of the Eye*, a five-part chronicle of the TV news business. Designed to underline the impact of what he calls "the most powerful information instrument in human history," it is also an attempt, as he puts it, "to streetproof the audience."

Starting on Jan. 19 and running on four successive Sunday nights, the $2.4-million co-production with the BBC—already sold to the History and Arts & Entertainment channels in the United States—traces the growth of broadcast news from turn-of-the-century American peep-show arcades to the mass-media circus that tracked O.J. Simpson's white Bronco getaway ride live, via satellite, around the globe. In other hands, that 100-year panorama might have been merely a celebratory romp. But Starowicz exposes a less savory view, including staged battle scenes from First World War camera men, who were actively discouraged from recording the unprecedented carnage. Marvels Starowicz: "You think, 'Nine million die and all we've got is this sanitized footage of generals shaking hands?'"

At a time when critics are lamenting the increasingly blurred lines between newscasts and three-ring current affairs tabloid shows, *Dawn of the Eye* also brings an uncomfortable reminder that newsreels were born as the opening act for travelling circuses. Later, when Hollywood studios churned them out to serve up in movie theatres before the Second World War, they confined their reportage to heroism and fluff. "For a 15-year period," Starowicz notes, "there was no Depression, no breadlines, no Jews, no Nazis."

He argues that those delusions persist in today's vaunted Information Age. As exhibit A, Starowicz offers the 1991 Persian Gulf War, in which the Pentagon succeeded in enforcing a media no-trespassing sign on the battle zone. "We have all the equipment, all the satellites and the biggest combat operation since the Second World War and, with the hubris of technology, we boot it," he says. "It was a total victory for the military." Still, his greatest censure is reserved for those networks that mobilized massive resources to capture the minutiae of the Simpson trial but failed to turn up at last year's massacres in Rwanda until the body count had reached genocidal proportions. "In the so-called electronic era, is it possible for one million people to be slaughtered outside the gaze of the camera?" he rails. "What kind of wired world is this?"

For those who know Starowicz, his invitation to question televised reality comes as no surprise. Says TVOntario chairman Peter Herrndorf, his former CBC boss and mentor: "From his earliest days in broadcasting, Mark has been fascinated by the role of the media—its strengths and weaknesses, its obligations and follies." Seven years in the planning, the series is a testament to the defining passions of Starowicz's life: history and journalism. He recalls that at 14, after seeing Humphrey Bogart play a dauntless editor in *Deadline U.S.A.*, "I thought, 'OK, I don't need any more career counselling.'"

An only child of Polish immigrants, he already understood that heroism was the unspoken subtext of the Montreal household. His father was a decorated Royal Air Force bomber pilot who found work as an Air Canada mechanic. His mother, who died last June, had been an equally decorated member of the Polish resistance, obliged to become an accounts clerk at General Electric. At McGill University, Starowicz hurled himself into editing *The McGill Daily* and working part time at *The Gazette*. In those days, Brian Stewart, now senior correspondent for *The National*, was a *Gazette* reporter. "Even just walking across the newsroom as a 20-year-old, Mark had an air about him," Stewart recalls. "He was going to take journalism to a higher plane."

Starowicz made no secret of his dream to become a foreign correspondent like one of his heroes, Edgar Snow, who had written *Red Star over China*. But in 1970, after getting fired from *The Toronto Star*, he found himself a studio-bound producer at CBC Radio in Toronto. "This was ending up in what looked like kindergarten," he admits. "I was an ink-stained newsman." At the time, the public radio network was under a death threat, scrambling to justify its continued existence. But out of that crisis emerged a generation of programs that continue today. "One should be careful about doomsaying," Starowicz cautions now. "There was no more desolate place in 1970 than CBC Radio."

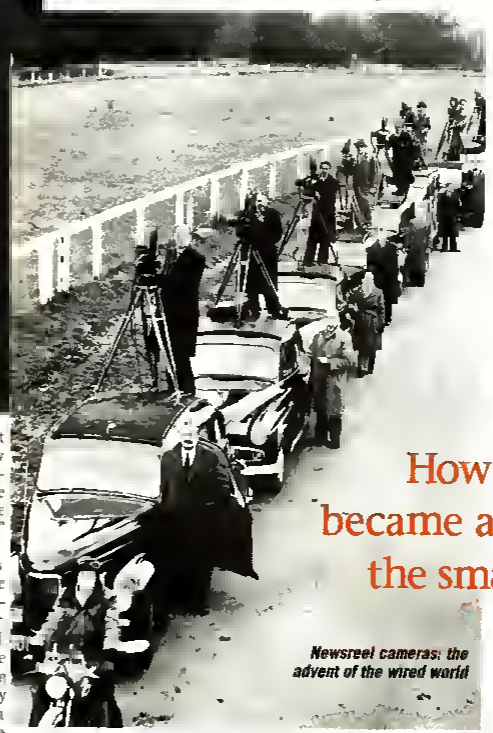
His first plum assignment was *As It Happens*, a free-form phone show that was spinning out of control. The 24-year-old whiz-kid, whose office resembled an obstacle course of old newspapers and dirty laundry, stunned everyone by imposing iron discipline and structures. It was a gift he would later take to *Sunday Morning* and to *The Journal*. Recalls Trina McQueen, his former boss at CBC TV, who now heads The Discovery Channel: "He was like the Henry Ford of radio production—developing an assembly line that was very good at putting out very high-quality, uniform programs."

But initially that structural wizardry threatened to unravel in his tensions with the host who was to become one of his closest confidants: Barbara Frum. "We hated each other's guts," he admits. "I knew what I wanted and I'm sure I wasn't very diplomatic about it." Finally, she invited him to lunch. "We shook hands, and it lasted a lifetime." In 1982, it was he who pleaded with her to enlist in his new technological adventure at *The Journal* with one of his trademark military metaphors: "Barbara, this is the Normandy invasion of television. Don't you want to be there?"

Ten years later, Frum's death was the beginning of the end for Starowicz—and *The Journal*. Within five months, he found himself summoned into the office of Tim Kotcheff, the vice-president of television who had just been hired from CTV, and told that, in the planned amalgamation of *The National* and *The Journal* in a new 9 p.m. time-slot, there would be no place for him. But Starowicz found a fresh challenge in creating a new CBC documentary unit.

Four years later, Starowicz refuses to gloat over the disastrous *Prime Time News* experiment that followed, when CBC viewers defected by the thousands to CTV's newscast—many permanently. Still, as he watches the exigencies of the bottom line quash what he used to boast of as "the national marketplace of ideas," he admits feeling "not hopeless, but tremendously sad. We can't afford to be on the front lines of history any more."

Now, the man who can still recite prime minister R.B. Bennett's speech to Parliament on the national broadcasting act is concerned that, in the fragmented hurly-burly of the 500-channel universe, government budget-cutters may be decimating the last best hope for Canadians to tell their stories to the world. But Starowicz is at work trying to rectify that. To the astonishment of many, he regularly bends the ear of CBC president Perrin Beatty, who, from all reports, has been heeding at least part of his advice. Recently, Beatty approved a definitive, 30-hour documentary series recapping the country's history. Now, as the clock edges towards midnight in a hotel lobby cafe, Starowicz ignores his congealing hamburger for a chain of cigarettes and enthuses about "restaging the Battle of the Plains of Abraham with 2,000 people. The deportation from Acadia. Wow!" Suddenly, the room is alight with possibilities—and in that glimmer may lie the future of the CBC. □

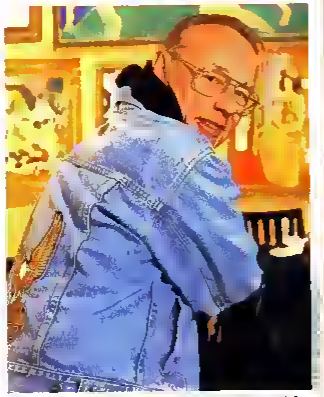


Newsreel cameras: the advent of the wired world

How the news became a staple of the small screen

An eye for all seasons

A photographer celebrates 30 years of looking



Patterson: images that reflect his inner life

It seems unusual that a photographer would write about his mother's death in a book featuring a retrospective of his photography. After all, the images in Freeman Patterson's *ShadowLight* (HarperCollins, $55) depict mostly landscapes—misty New Brunswick fields, Namibian sand dunes, New Zealand riverbeds aflame with scarlet lichen. But for the celebrated photographer the natural and the spiritual worlds are closely linked. So, in discussing his career in the book's lengthy memoir, Patterson delves into his inner life and the people who shaped it—including Ethel Patterson, who died in 1992. The photographer selected the 100 images in the book, culled from the 100,000 slides he keeps in his home on the family farm in Shamper's Bluff, N.B., because he feels that they are visual keys to his psyche. "I'd taken an amazing number of photos of huge, circular objects like rocks and boulders in the Andes and Africa," Patterson, 59, told *Maclean's*. "It was like a recurring dream." He also noticed that, over time, he had shifted his emphasis to photos exploring texture. "One of my favorites was a shot of crushed gravel, grey with flecks of snow and grass," he says. "For me, the integration in that picture was synonymous with pulling together a lot of strands in my life."

That kind of introspection and abstract thought comes up frequently in Patterson's conversation. But the self-analysis is coupled with a lively sense of humor and a warm openness. What is more surprising is his passion for motorcycles: he owns a Harley-Davidson, has belonged to a Harley owners group in Saint John since 1991, and has travelled through New Zealand on a motorcycle, taking pictures of bikers. "People have trouble reconciling these things about me because of negative stereotypes about bikes," he says. "But it's really fun, and it's environmentally less damaging than cars."

Photographer, teacher, world traveller, Patterson has reason to feel that his life may be coming together in new and satisfying ways. While he has already earned a lengthy list of national and international honors—including the Order of Canada and the highest award of the Federation Internationale de l'Art Photographique in Bern, Switzerland—recent developments have brought his pleasing, accessible work more public exposure. In Toronto, the Royal Ontario Museum is hosting a four-month exhibition, ending on Feb. 23, of 45 photographs from *ShadowLight*. And his eight earlier books have sold more than 400,000 copies in Canada and abroad.

Meanwhile, Patterson has photography workshops lined up two years into the future. He holds one-day events and week-long seminars near his home, as well as in the United States, New Zealand, Australia, Israel and South Africa. The youngest participant he ever had was a 10-year-old girl, the oldest a 91-year-old woman. "Some people buy a camera and ship it to me directly just before the workshop," says Patterson. "They don't even know how to load one." Most, though, are people in professional careers who regard photography as a creative outlet. Patterson has respect for amateurs, claiming that "in the dens and basements of this country are rich troves of remarkable photos which, in many ways, tell the story of this country."

Antje Lingner, a former graphic designer who attended Patterson's workshops in New Brunswick for three years in a row in the mid-1970s, was at a recent one-day Toronto seminar. "I'm still learning from him," she says. "Whatever he does, it's always fresh and inspiring." A dozen years ago, she took a friend's teenage son who was unsure of his career aspirations to a session. According to Lingner, at the end of the day the young man, Peter Fleming, said he knew what he wanted to do with his life. "It focused him, not on photography specifically, but on a creative life," she recalls. Now, Fleming is a 36-year-old artisan who crafts fine furniture, and has his pieces exhibited in galleries.

If the New Brunswick sessions are the most heavily attended ones—Patterson holds them in June, July and October—the South African ones are certainly the most exotic. Since 1980, Patterson has travelled regularly to the isolated mountain desert in Namaqualand, near the Namibian border. He loves to photograph the spectacular desert flowers that bloom unpredictably depending on the weather.

Namaqualand is light-years away from Patterson's beginnings on the Kingston Peninsula in rural New Brunswick. The eldest of two children, he grew up doing chores on the family farm, which overlooks the Saint John River and Belleisle Bay. He had a difficult relationship with his father, an authoritarian who had little use for the rosebushes that the teenage Patterson had planted, and dug them up. However, he had a deep bond with his mother who, he says, was an intuitive woman with a deep appreciation of nature and color. The esthetic sense she nurtured in Patterson would lead him to photography, which he describes as "a passport from the kind of life I expected to the kind of life I wanted."





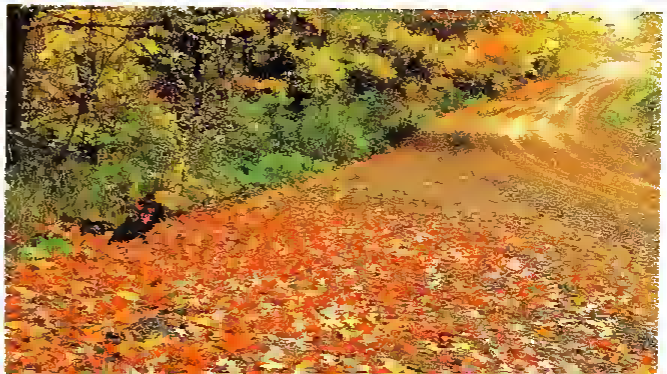
African sand dunes (left), biker chic; road in New Brunswick: visual keys

But the route to that life was indirect. Patterson attended Acadia University—where he started taking pictures as a hobby—before winning a scholarship to New York City's Union Theological Seminary at Columbia University. But even then his bent was clear: his master's thesis was entitled "Still Photography as a Medium of Religious Expression." His big breakthrough came with a National Film Board project, headed by former NFB executive producer Lorraine Monk, for a lavish photography book that would celebrate Canada's beauty. Intended to mark the country's centennial, it was called *Canada: A Year of the Land*. "When I started out, photography had no value in galleries," he recalls. "It was regarded simply as social documentary, and it had a very urban focus. Lorraine Monk helped change all that—she recognized that the land had enormous spiritual value for people." He admits, though, that even now "I hate the nature photography label. An image can become an exciting wash of color, or movement of line, and pretty soon it's irrelevant that it's a flower."

Thirty years after *Canada: A Year of the Land*, Patterson is still photographing his native country. Although he has crawled across glaciers, hiked in desolate Chilean mountains and camped in African deserts, he says that his own farm [and exquisite gardens] offers just as many photographic sites as anywhere else in the world. "I like to dispel the notion that other places are more exotic than home," he says, pointing out that photos taken near Shamper's Bluff figure just as often in *ShadowLight* as those from faraway locales. He has donated a large portion of his 150-acre property to The Nature Conservancy of Canada as an ecological reserve. "It's incumbent upon my generation to do things like this," he says, explaining that he has kept some land for himself and for his aunt, who lives close by.

Next month, Patterson heads to New Zealand for three workshops, and then to South Africa for two. He will return in April to his beloved Shamper's Bluff—just in time for the spring flowers.

DIANE TURBIDE





All about Eve

A series takes females from the margins

Papua New Guinea child: exhilarating

WOMEN: A TRUE STORY
(CTV, starting on Jan 20, 10 p m)

Russian mothers journey to the distant war fields of Chechnya to find their prisoner-of-war sons and are helped by "enemy" Chechen women. A black Brazilian woman, who spent her childhood as a street vendor, is the first female senator in the Brazilian parliament and heads an inquiry into the systematic murders of street children. Three Montrealers—a surgeon with a five-year-old son, a single mother who works nights as a waitress, and a respected labor organizer—talk about women's work, inside and outside the home. Algerian dissidents. Kenyan villagers, an African-American astronaut, anorexic teenagers and a Parisian executive—all female—speak about the challenges and rewards of their lives. What do these women have in common besides their gender? Quite a lot, according to *Women: A True Story*, a six-part, $3.6-million documentary created by Quebec production company Pointe de mire. Narrated by actor Susan Sarandon, the series endeavors to provide in six hours what history has mostly ignored: a comprehensive examination of women's lives. And while the quick-snapshot profiles and scattershot approach can be frustrating, on the whole the series is eye-opening, exhilarating, even inspirational TV.

Women opens with some disturbing images. Small girls, some of them toddlers, are being groomed for a beauty contest in Tennessee. The mothers set their daughters' hair in huge pink rollers and apply mascara, eyeliner, rouge and lipstick to their small faces. Even more unsettling are the girls' frozen smiles, their eyes looking provocatively into the camera—and at the judges who evaluate them for "total feminine personality." The scene is an extreme example of a familiar complaint—that females are valued for their physical beauty rather than their character and abilities.

But just when it appears that the show will go over old ground, the scene shifts to Papua New Guinea and two tribes separated by only a few miles. One is a patriarchal, warlike society in which women are mostly shunned and feared for their reproductive powers; the other a peaceful, egalitarian community in which sexual freedom reigns and men are fully involved in the care of their children. The cross-cultural perspective provides fresh insight into the old debate about innate and learned notions of gender roles.



Sarandon: fresh insights

The film-makers—among the four producers is Quebec TV personality and former Parti Québécois cabinet minister Lise Payette, who initiated the project—use the same wide-ranging approach to illustrate other themes: women's access to power (and how they use it when they get it), changing attitudes to women's bodies and minds; the historical reluctance to educate women; how organized religion has reinforced women's inferior status; the value of work outside and inside the home; and what social, environmental and political changes women will bring about as they increase their sphere of influence.

But as Sarandon's narration points out, women still lack power. They own less than one per cent of the world's property, earn less than 10 per cent of the world's income, and most have no access to loans or credit. One startling segment shows a woman who supports her family by travelling alone in a dugout canoe to sell Avon cosmetics to her neighbors along the Amazon. Meanwhile, there are examples of progress: Bangladesh's Grameen Bank has learned that lending women money is a better investment than lending it to men.

Yet for every advance, there is regression. In the segment about the fight to achieve universal schooling for women, there is a reminder that, even now, educated females are sometimes perceived as a threat to the established order. Algerian extremists have recently burnt down hundreds of girls' schools. Other segments show the often brutal consequences for women who balk at repressive customs. Yet the film-makers are careful not to point fingers only at the most egregious offenders. Columbia University law professor Patricia Williams comments on the backlash against women in her own country: "Political opportunists have capitalized on America's worst myths: that blacks are taking over, that women have stepped out of line and let civilization down by their failure to tend the hearth fires and raise their children properly."

In focusing on the ties that bind women, the show fails to address the divisions among them over such issues as abortion and universal day care. But perhaps that is beside the point for a documentary that aims to move women from the margins of the history pages to the centre. As Ginette Paris, a Montreal classics professor, explains, "A people that loses its mythology dies, and a people that fails to pass on its history is alienated and becomes a stranger to itself. This also applies to women: we cannot afford not to know our history." *Women: A True Story* is an enlightening and entertaining step in that direction.

DIANE TURBIDE



HE: Now here's an interesting little tidbit of information.
SHE: I believe "tidbit" is the operative word in this case.
HE: Apparently...
SHE: Yes.
HE: ...the first thing people wash when taking a shower is their tummy.
SHE: You've got *way* too much time on your hands, Don.
HE: Here's something on strange relationships.
SHE: Like this one?

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Films

A skin-deep *Portrait*

An adaptation enamored of its own beauty

THE PORTRAIT OF A LADY
Directed by Jane Campion

It opens with shots of dreamy young women lying in a circle in a meadow, lounging on tree limbs, then dancing around like goddesses in training. For a moment, it looks as if Australian director Jane Campion (*The Piano*) is about to remake *The Crucible*. But the scene is just a fanciful prologue—Campion's way of saying that, while she may be turning a fat literary classic by a dead American male into a lavish period film, she is going to do it with contemporary flair and a feminist intelligence.

The first frame of Nicole Kidman—who plays Isabel Archer, the heroine of Henry James's 1881 novel, *The Portrait of a Lady*—offers an extreme close-up of her eyes, which are very blue and very bloodshot. Kidman's eyes will fill with tears over and over again during the 144 minutes of the film. But even as she weeps, they remain strangely open and unblinking for the camera—an indication of what is askew in a beautiful film so enamored of its own beauty that emotion is not felt so much as observed.

The story is set among American expatriates basking in the decadence of Europe in the late 19th century. Isabel is a defiantly independent American who rejects a marriage proposal from a rich British lord (Richard E. Grant) to pursue her own adventures. Her admiring cousin Ralph (Martin Donovan) secretly helps her out by persuading a dying uncle (Sir John Gielgud) to leave her his fortune. But instead of buying freedom, wealth makes Isabel an attractive prey for the duplicitous Madame Merle (Barbara Hershey), who steers her into a bad marriage with the cold-blooded dilettante Osmond (John Malkovich).


Malkovich (left). Kidman: a luxurious look, bravura acting

Offering a campy replay of his lothario act from *Dangerous Liaisons*, Malkovich makes an entertaining psychopath, a viper bored with his own idle cruelty. And Hershey does her best work in ages. Kidman, meanwhile, delivers the kind of bravura performance that will probably snag the Oscar nomination that she was unfairly denied after her brilliant turn in *To Die For* (1995). But there is something opaque and brittle about her Isabel. Although the emotions are there to see, as plain as the tears on her face, they do not invite empathy. And the sudden transformation from independent woman to abused wife makes little sense. The character's voice gets lost along the way.

Campion directs with a slow, stately rhythm, as if creating a visual counterpart for the expansive luxury of James's prose. Working with a precise palette that swings between amber and blue, her camera dwells on costume and architecture, swooping from the piazzas of Florence to the Coliseum in Rome. The director has a brilliant eye. But she fails to get behind the eyes of her heroine.

BRIAN D. JOHNSON

The late bloom of a lover of movies

As a child growing up in Vancouver, he would sneak into adult movies. He saw *Room at the Top* at age 7, and loved it. At 14, he got a job as a doorman at the Vogue Theatre. He founded The Seattle International Film Festival at 25. And after spending his life as what he calls "a professional audience," Dan Ireland, now based in Los Angeles, at 46 has finally directed his own feature. For an American movie, *The Whole Wide World* is a whole lot smaller than most—it cost just $1.3 million (U.S.). But it has garnered some rave reviews. And it stars the remarkable Renee Zellweger, who made her breakthrough opposite Tom Cruise in *Jerry Maguire*. The producers of *Maguire* cast Zellweger after getting a sneak preview of her performance in *The Whole Wide World*—and now Ireland's film is getting a box-office boost from her sudden fame. "Making this film," says the director, "has taught me that it's never too late to realize your dream."


Ireland: rave reviews

That is certainly true for the woman whose story inspired the script. *The Whole Wide World* is based on a first novel written by a retired Texas schoolteacher at the age of 76. Published in 1985, *One Who Walked Alone* is Novalyne Price's memoir of her relationship with pulp fiction writer Robert E. Howard during the early 1930s. Ireland films it as a poignantly unconsummated courtship, a slow-paced romance of summer-night drives and quarrelling conversation. Price (Zellweger), a teacher and aspiring writer, is both shocked and charmed by the ebullient and eccentric Howard (Vincent D'Onofrio), creator of such pulp characters as Conan the Barbarian. But she has trouble prying him free from his swashbuckling fantasy world—and from the embrace of his mother.

Zellweger's hardheaded character is worlds removed from the timid ingenue of *Jerry Maguire*. And Ireland hesitated to cast her at first. "I thought she was too beautiful and contemporary. But I'm now convinced there isn't anything she can't do"—including launch the career of a late-blooming Canadian dreamer.

B.D.J.

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WHAT MATTERS TO CANADIANS

The prime of Ms. Mirren



Mirren; scene from Some Mother's Son. powerful

A veteran of the stage and screen defies stereotypes of age and gender

Around the world, she is best known as police detective superintendent Jane Tennison of the hugely successful British TV series *Prime Suspect*. Scrappy, irritable, acerbic and impassioned—a workaholic woman fighting for respect in a male domain—Tennison is one of the most brilliantly nuanced heroines ever created for television. And with that role, British actor Helen Mirren debunked a whole set of axioms: that television has to be dumber than film, that cops in dramas have to actually bring down their suspects with brute force, and that smart, politically savvy middle-aged women cannot be sexy.

Curled up on a sofa for a hotel interview, Mirren projects a self-possessed vitality. She wears black leggings and a scarlet sweater. There is a coil of silver around her neck, a silver band around her wrist, but no rings. What is most striking about her is the complicated gaze—intelligent, imperious, yet undercut with seductive intrigue. It is not hard to imagine Mirren, who is now 50, stunning critics at London's Old Vic theatre at 18 with her spectacular stage debut—as Cleopatra.

But in this interview, she is discussing a far less glamorous role. In the new film *Some Mother's Son*, she plays Kathleen, a widowed Belfast schoolteacher who faces an agonizing dilemma after her imprisoned son joins an Irish Republican Army hunger strike. Until now, Mirren has tried to avoid mother roles. The actor, who lives with American director Taylor Hackford in Los Angeles, has no children. She says that, while she loves babies, she has never wanted to be a mother, and "I've always not wanted to play mothers. If you're a woman and you're over 40, the only way they can see you is you've *got* to be a mother."

What attracted Mirren to *Some Mother's Son* was the chance to play a woman invaded by politics. The latest in a string of movies based on true stories of political strife in Ireland, it is a much smaller, grittier film than the recent epic *Michael Collins*. And although it was scripted by the same Oscar-nominated team who wrote 1993's *In the Name of the Father*, Terry George and Jim Sheridan, it has none of its flamboyance. Grim but powerful, *Some Mother's Son* is a straightforward drama about the unstraightforward choices faced by families of combatants in civil war.

It is not the first time that Mirren has played a woman caught in the crossfire of Irish politics. With *Cal* (1984), she won the best actress prize at Cannes for portraying the widow of a Protestant policeman murdered by the IRA who gets involved with a Roman Catholic without realizing he was implicated in her husband's death. Making *Some Mother's Son*, however, was tougher, says Mirren. "It was most difficult on a philosophical level. It's about huge questions of pacifism versus warmongering. We shot in Dublin, and each of us had a different agenda. It was intensely felt and intensely talked about, this film—more than any film I've done."

That is a remarkable statement considering some of the films she *has* done. They include Bob Guccione's crudely pornographic *Caligula* (1980), a bloated epic in which she played the wife of the Roman emperor, and Peter Greenaway's artfully pornographic *The Cook, the Thief, His Wife and Her Lover* (1989), in which she played the wife of a brutal gangster. Against all odds, she emerged from the quagmire of both films with her dignity intact, and with critics singing her out for commendation.

Mirren seems to have fulfilled her childhood ambition, which, as she recalls, was to be "a great actress" rather than a star. Born in London in 1946, she is the daughter of a British mother and a Russian émigré father, whose work ranged from driving a cab to playing viola in the London Philharmonic Orchestra. Mirren studied theatre, which led to a stellar stage career with the Royal Shakespeare Company. She flirted with movie roles in the early 1970s, but turned her back on Hollywood to tour with director Peter Brook's experimental theatre troupe.

Shifting her focus to film in the 1980s, Mirren won international notice with *Caligula*, which set the tone for a career of wildly eclectic roles. They include a faded Russian ballerina in *White Nights* (1985), a mysterious sexual predator in *The Comfort of Strangers* (1991) and a powdered English queen in *The Madness of King George* (1994). Unlike her film roles, however, her most famous character, *Prime Suspect*'s Tennison, is stubbornly ordinary. What makes her compelling, says Mirren, is that "she's a person. She's not a heroic feminist. Rarely do you see women on the screen simply as people—working, struggling, f——g up, going on, ambitious, flawed, whatever."

But after six instalments, Mirren has no plans to make another *Prime Suspect*. And she will try to avoid the roles that Hollywood likes to throw character actors of her age—"horrible, nasty, embittered women." Her next film is Sidney Lumet's *Critical Care*, a satirical look at the American healthcare system in which she plays a nurse. Meanwhile, she wants to return to the stage. "My biological clock that is ticking is a theatrical clock," she says. "It's not really biological. It's just a clock that's saying, 'You've got to go back in a major way to the theatre and build a body of work.'"

Journalists rarely leave an interview without asking Mirren about her tattoo—a pair of small Vs between her thumb and forefinger. It is an Indian symbol called a *lakesh*, signifying equality. "I got it long before it was fashionable to get tattoos," she says, "*long* before. Someone told me it looks like the hills and the valley." Mirren smiles. "It's my career. Hills and valleys."

BRIAN D. JOHNSON

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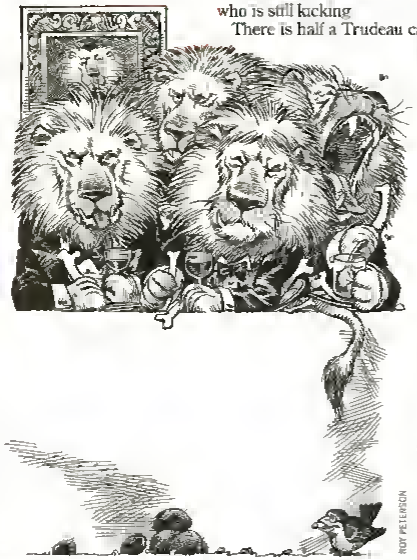
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Maclean's
WHAT MATTERS TO CANADIANS



Allan Fotheringham

The Liberals' night of nostalgia



ROY PETERSON

There is nothing like the last liberal lions, growling while rubbing one another's fur, as they gather over cocktails No longer in power—while knowing they could do better than the present lot—they luxuriate in their memories, content that they knew better

This would be the collection of the Liberal Party Establishment, on a terribly snowy night, collected to honor The Rainmaker himself just-retired senator Keith Davey who epitomizes everything that the natural governing party has known for almost all this century—it was born to rule

They are gathered, some 1,000 strong, at the University of Toronto—where Davey started out four decades earlier As a tribute they have collected $125 000 to launch an annual lecture series in his name, and we can assume that neither Newt Gingrich nor Maggie Thatcher will be future speakers

The star attraction this night is John Kenneth Galbraith, who stretches six-foot-eight into the ozone, requiring that the introductory speakers must stand on a pink suitcase so as to reach the microphone that is ratcheted to his oxygen level. The ambitious U of T president Rob Prichard, who not-so-secretly wants to be a Liberal prime minister, introduces him as "the only economist alive who can make people laugh"—which is true.

Someone once described Galbraith and Marshall McLuhan as "the most famous Canadians the United States has ever produced," which is also true Galbraith, with his 44 honorary degrees and solid credentials as a Harvard/Kennedy family guru, glories in his birth at Iona Station, Ont , and the fact he somehow graduated from Ontario Agricultural College in Guelph

He is now 88 and delivers his usual droll asides—"the American war against the poor, having been won." On the Republican trickle-down theory slashing taxes to goose investment while also cutting welfare rates, "it all boils down to the slightly improbable case that the rich are not working because they have too little income, while the poor are not working because they have too much."

This, he explains, is "the horse-and-sparrow theory of economics in which if you feed the horse enough oats, some will pass through to the road for the sparrow" This is all good stuff, but what the last lions of liberalism are really looking for is the post-speech trek across the street for drinks The Galbraith speech was scheduled for the unusual hour of 4 p m , so the gang got into the cocktails at Davey's old stamping grounds at the usual, suitable time of day

To see and be seen. This is what such gatherings are for Whose jowls have slipped another notch? Who is in last year's fashions? The last liberals must check the faces to see who is still faithful, who is still kicking

There is half a Trudeau cabinet still answering the call. Alastair Gillespie, once the most handsome man in Canadian politics, now merely the most charming Barney Danson The towering Donald Macdonald, his head above the crowd. Senator Jerry Grafstein of course is about. All the old fund raisers, what they would call in Chicago ward-heelers

Someone remarks that in this room over the scotch, you could probably construct a cabinet that would be better than those party junior clowns now so besmirching the Liberal name in Ottawa As the snow keeps falling, all safe and warm inside, there is this contentment, this serene belief that *these guys* would never have fallen into this magnificent Airbus-bollix with apologies that aren't apologies flying about and every one dodging blame and the promising career of Allan Rock headed south

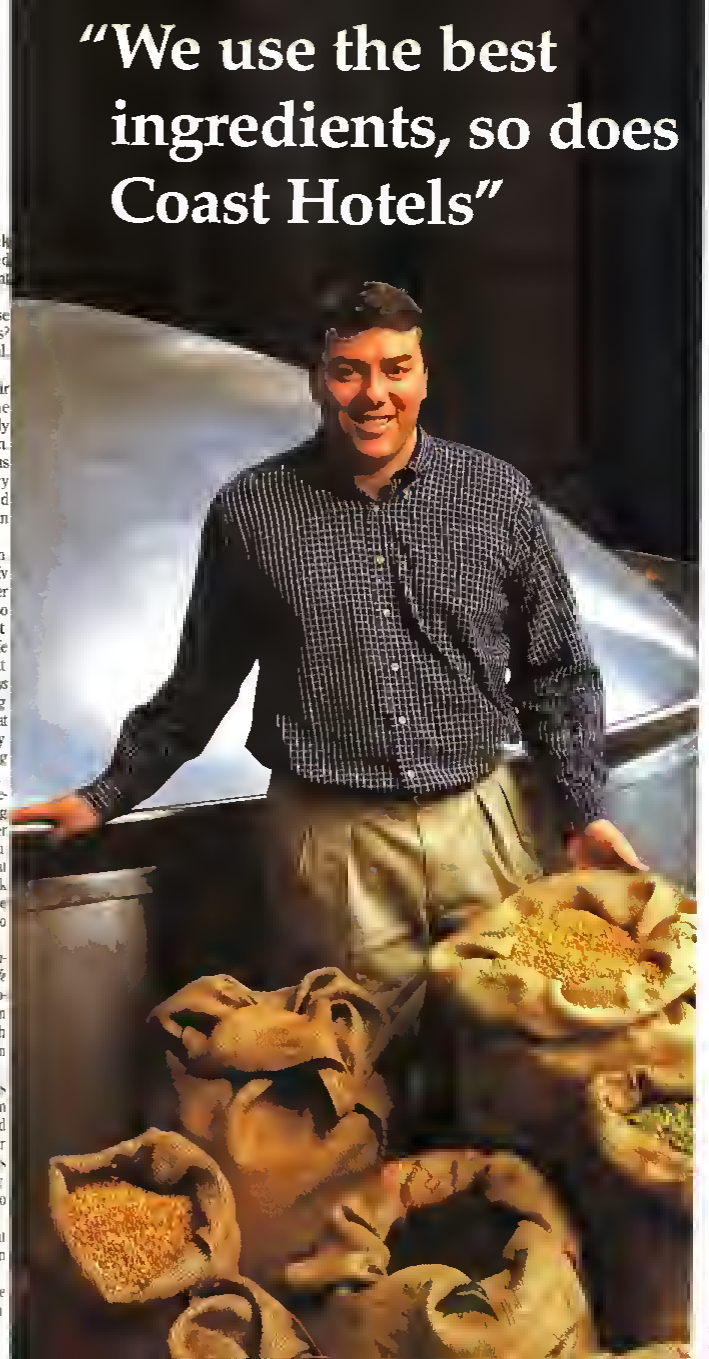
As the cameras follow the giraffe-like figure of Galbraith about, pressing bodies as usual surround the other last liberal still growling, Pierre Trudeau, looking taut and old Lurking at the back is John Nunziata, the skunk at the garden party, turfed out of the stern Chretien party by daring to state over the GST that the emperor wears no clothes.

The usual Liberal-watchers lurk looking for insights. *The Toronto Star*'s Richard Gwyn. Massey College's John Fraser *Toronto Life* gossipmeister Patricia Best. The *Globe*'s John Gray and Andrew Cohen All the academic greats look down, in their scarlet gowns from their expansive portraits, on Hermes-draped disciples of Galbraith and Davey and Trudeau Tom Axworthy, Trudeau's amanuensis in a thick academic sweater, is here, down from Montreal

There is an air in the room that—look around us—this was indeed the best and the brightest, the gang that kept Quebec in Canada, the last of the Liberal party before that province deserted for the only time one of their own who, after all, is prime minister of the realm Unspoken, of course—save for the raised eyebrows and the mutters in the men's loo—were the embarrassing, cling ing thoughts of all. How those dummkopfs on the Rideau had to knuckle under to the again-triumphant Mulroney.

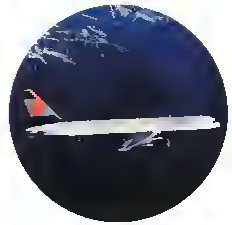
How Rock didn't know how to apologize and Gray knew but didn't tell and the RCMP guy couldn't read his lunch and Chretien supposedly didn't know and if he didn't he should have

There was an atmosphere of smug content. This wouldn't have happened under our watch. And the snow continued to come down



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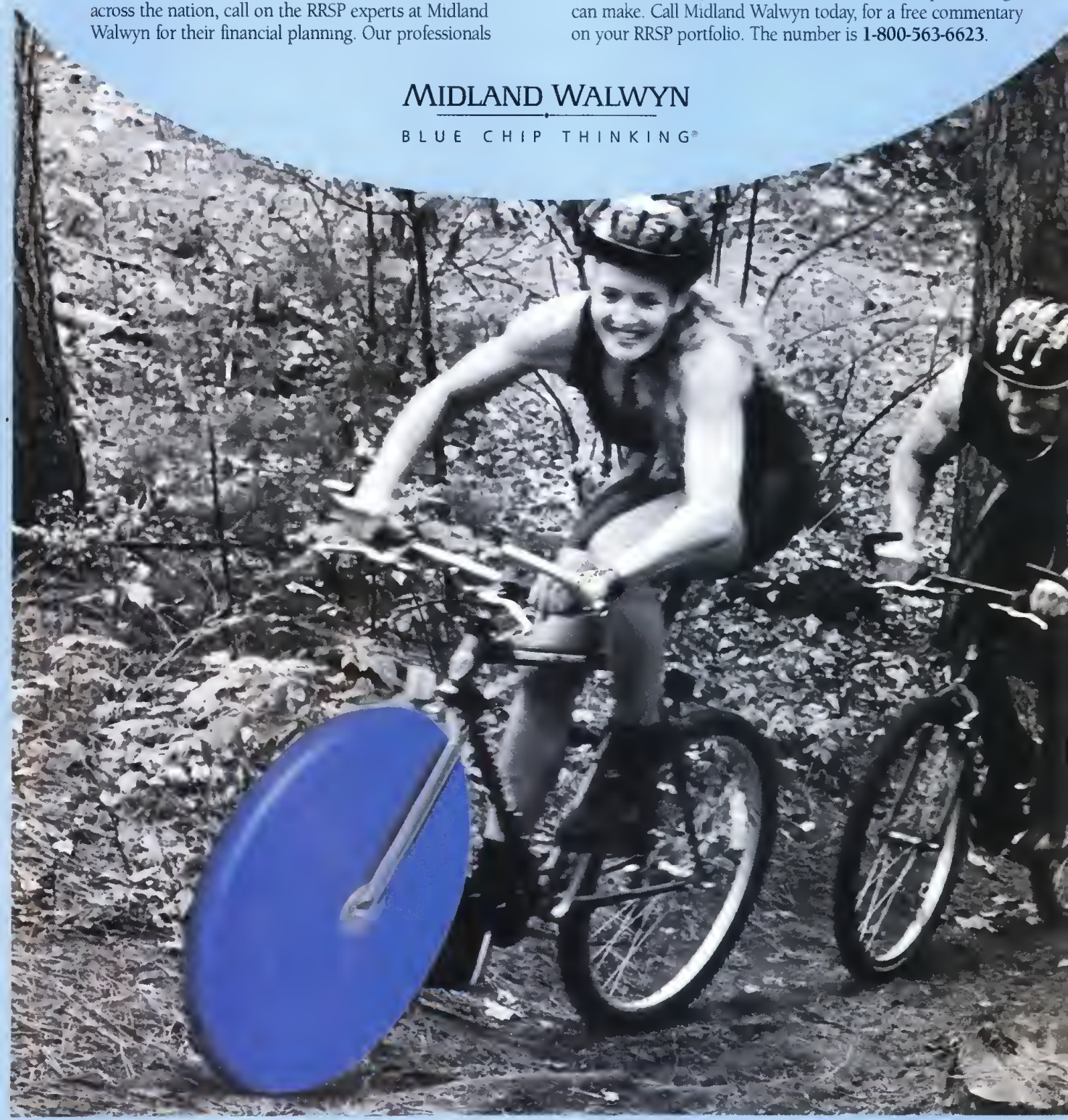
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